



The Hon Duncan Gay MLC

Minister for Roads and Ports

Acting Minister for Resources and Energy

MEDIA RELEASE

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ISSUES PAPER ON ELECTRICITY RELIABILITY OPEN FOR SUBMISSIONS

The Australian Energy Market Commission (AEMC) has released an Issues Paper that will assist the NSW Government in setting future reliability standards for the State's electricity distribution networks.

Acting Minister for Resources and Energy, Duncan Gay said the Paper will help the Government determine ways of keeping prices down after 16 years of neglectful mismanagement under the former Labor Government.

"Following the electricity price rises announced by the Independent Pricing and Regulatory Tribunal earlier this year, the NSW Government committed to an independent review of reliability standards to help ensure they were not placing upward pressure on power prices," Mr Gay said.

"IPART found the major drivers of increased electricity bills were higher network charges and the significant cost of meeting green schemes including the Commonwealth's Renewable Energy Target.

"The release of this Issues Paper is the first step in allowing the Government to determine an approach to reliability that meets business and community expectations around the supply of electricity and what is a reasonable cost to deliver that level of reliability."

The former Labor government implemented new reliability licence conditions for the NSW distribution businesses in 2005.

"These conditions required the distribution networks to improve reliability outcomes for customers," Mr Gay said.

"Increased spending to meet these reliability requirements have been a significant contributor to the rising cost of electricity in NSW."

The AEMC's review of reliability will:

- consider best practice national and international reliability standards and outcomes;
- estimate the costs of achieving a range of different distribution reliability outcomes in NSW; and
- assess the willingness of the NSW community to pay for a range of reliability outcomes.

“The Issues Paper poses a number of questions to help guide the investigations to be undertaken by the AEMC on different approaches to balance reliability and price,” Mr Gay said.

“We are encouraging businesses and consumers to respond to these questions and make a submission by 1 December 2011.”

The Issues Paper can be found on the AEMC’s website at www.aemc.gov.au.