

NSW's Electricity Future 2020 (and beyond): Regulatory issues

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Key issues

- Electricity market regulation
 - Does the regulatory and market framework allow private sector investment?
- Climate change policy
 - What is the impact of climate change policies on the energy market framework?
- Electricity sector structure
 - Is the structure of the sector in NSW optimal to encourage private investment?



The regulatory framework

- Now in 2010
 - National regulation largely complete
 - Single national regulator and single national energy market operator for gas and electricity
- Then in 1990
 - No regulation (almost)
 - No regulators (as we know them)
 - No electricity market, no competition



The regulatory framework

- 2010 in detail
 - Lots of regulation - NEL, NER
 - Lots of regulators - AER, AEMC, AEMO
 - Fully functional wholesale and retail markets – the NEM and Full Retail Contestability



The regulatory framework

- Where to next - beyond 2010
 - Do we need any more regulation? - A bit more - retail, safety and technical
 - National Transmission Network Development Plan – from 2010
 - Regulators flexing muscle?



Climate change policies

- Uncertainty has affected investment planning in electricity generation
- Certainty provided by:
 - Carbon Pollution Reduction Scheme
 - Expanded Renewable Energy Target
- Delay of CPRS - uncertainty again?



Climate Change Policies

- AEMO Review of energy frameworks in light of climate change policies (September 2009)
 - Energy markets generally will be resilient and flexible to cope with impacts of the climate change policies
 - Retail price regulation – reviews of effective competition – NSW 2011/12
 - Generation clusters
 - Development and utilisation of the network to encourage embedded generation



Structural reform recommendations

- Recommendations of previous COAG and State initiated industry reviews
 - Disaggregation
 - Privatisation
 - Improve competitive neutrality
 - Remove price caps



Structural reform for NSW

- Sell retailers
- Keep transmission and distribution
- Keep power stations
- Sell electricity trading rights of power stations (gentrader contracts)
- Sell power station development rights
- Maintain electricity retail price regulation until 2013

