

**LEGISLATIVE ASSEMBLY FOR THE
AUSTRALIAN CAPITAL TERRITORY**

**ELECTRICITY SUPPLY (CONSEQUENTIAL AND TRANSITIONAL
PROVISIONS) BILL 1997**

EXPLANATORY MEMORANDUM

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Minister for Urban Services**

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Outline

The objective of the Bill is to provide for consequential and transitional arrangements necessary given the regulatory arrangements provided for in the Electricity Supply Bill 1997

Transitional provisions

The Bill provides for.

- ACTEW Corporation Limited to be deemed to be a licensed distributor and a retail supplier,
- ACTEW Energy Limited, a subsidiary of ACTEW Corporation, to be deemed to be a licensed retailer,
- Great Southern Energy, a NSW statutory corporation which supplies a small number of ACT customers through distribution wires that cross the NSW/ACT border, to be deemed to be licensed as a distributor and a retail supplier in relation to that its current network,
- conditions of electricity connection and supply for existing customers to continue until the new customer connection and customer supply contract regime comes into force,
- conditions for new connection and supply for new customers to be the present provisions until the new customer connection and customer supply contract regime comes into force; and
- continuation of electricity supply arrangements (in particular, supply arrangements with customers outside the tariff structure) entered into by ACTEW before the commencement date of the Electricity Supply Bill notwithstanding the provisions of clause 39 of the Electricity Supply Bill

Consequential provisions

Consequential provisions are necessary to sections 50 and 51 of the *Energy and Water Act 1988* The amendments

- recognise that the provision in subsection 50(1) of the Energy and Water Act that customers are liable to make payments to ACTEW in accordance with a determination under section 48 of the Energy and Water Act is not fully consistent with the arrangements under the Electricity Supply Bill Energy charges for "non-

franchise” customers will be payable under contract either to ACTEW or their preferred retailer,

- remove the provision for electricity supply arrangements other than in accordance with ACTEW’s tariffs under subsection 50(3) of the Energy and Water Act. Such arrangements will be handled by negotiated contracts in future, consistent with those for other licensed retailers
- removes reference to “electricity” from section 51 — variation of terms and conditions — as the arrangements are supplanted by the separate customer connection and customer supply contracts provided for in the Electricity Supply Bill

Revenue/cost implications

It is not expected that the Bill will involve any significant cost for the Government. The introduction of retail competition will inevitably affect the dividend paid by ACTEW to Government.

DETAILED NOTES

PART 1 - PRELIMINARY

Clause 1 is a formal provision typically found in legislation setting out the short title of the Bill

Clause 2 deals with commencement provisions. While Part I will commence on the date on which the Act is notified in the Gazette, the remaining provisions will commence on the commencement date specified for the Electricity Supply Bill under clause 2(2) of that Bill

Clause 3 deals with the interpretation of certain expressions used in the Bill

PART II - TRANSITIONAL

Clause 4 provides that ACTEW Corporation and ACTEW Energy shall be taken to hold a electricity distributor's licence and a retail supplier's licence. The same arrangement is extended to Great Southern Energy for its cross-border distribution system in the ACT and to its associated retail operation.

Subclause 4(4) provides that the Schedule of the Electricity Supply Bill, which sets out arrangements for licensing, are taken to apply to the deemed licence holders in the same way as it applies to licences granted under the arrangements set out in the Schedule

Clause 5 and *clause 6* provide that until a customer connection contract or customer supply contract comes into force, the conditions on which customer connection services and electricity supply are provided to new and existing customers shall be the same as those that applied or would have applied under the relevant provisions of the Energy and Water Act before commencement of the Electricity Supply Bill

Clause 7 provides that section 39 of the Electricity Supply Bill, which states that a supply arrangement is unenforceable unless, at the time the arrangement was made, the supplier was authorised by a licence to enter into it, does not apply to electricity supply arrangements entered into by ACTEW before the commencement of the Electricity Supply Bill

PART III — AMENDMENTS OF THE ENERGY AND WATER ACT

Clause 8 amends section 50 of the Energy and Water Act in the following ways

- paragraph 50(1)(a) is amended to clarify that the liability for a person to whom electricity is supplied to make payments to ACTEW in accordance with its determinations in force under section 48 applies to "franchise customers" Energy charges for "non-franchise" customers will be as set out by the relevant contract between the non-franchise customer and his or her preferred retailer which, of course, may possibly not be ACTEW,

- subsection 50(3) deals with arrangements for supply of electricity or water or sewerage services other than in accordance with standard tariffs. Reference to electricity supply is removed. Such arrangements will be handled in future by negotiated customer connection or supply contracts,
- a new subsection 50(6) is inserted to define “franchise customer”

Clause 9 amends section 51 which deals varying the terms and conditions of supply of ACTEW Corporation to remove reference to “electricity”. This is because the Electricity Supply Bill sets up a new framework of standard form and negotiated customer connection and supply contracts and contains provisions for varying the terms and conditions of supply.