TOTAL ENVIRONMENT CENTRE INC.
Level 4, 78 Liverpool Street, Sydney, NSW, 2000
Ph: 02 9261 3437 Fax: 02 9261 3990
www.tec.org.au

MEDIA RELEASE
15 January 2008

NSW Consumers Sold Out on Efficiency, Greenhouse Emissions

With energy efficiency needing to be a major player in climate change policies in coming years, the Australian Energy Regulator (AER) has signaled it won't reign in electricity networks' expensive, wasteful and polluting practices in NSW and ACT, Total Environment revealed today.

"The Regulator is acting as if we can continue to guzzle polluting electricity like drunken sailors blind to the global warming storm," said Jane Castle, TEC Campaigner. "Energy efficiency must now be front and centre of electricity planning. Now is not the time for baby steps."

TEC's has also released **"Win, Win, Win: Regulating Electricity Distribution Networks for Reliability, Consumers and the Environment"** showing how NSW energy regulation has failed to harness the potential for energy efficiency, leaving consumers and the environment short.

"The AER and electricity utilities seem set on a path of as little energy efficiency as possible. It's time for a major change. The determination for NSW will set the trend for other states – to start with poor quality regulation does not auger well.

"NSW network businesses have spent just $2.5 million per year on demand management measures to help households and businesses consume electricity more efficiently, out of annual revenue of about $2 billion. This is about one fifth the average level of spending on demand management by US electricity utilities."

"Electricity regulation needs a complete overhaul, not tinkering around the edges. This is proof that energy efficiency and demand management objectives need to be built into the National Electricity Law."

While the AER has agreed to continue the demand management incentive (the 'D-factor') created by IPART, this is optional for networks, and only applies to parts of the network that are currently running out of capacity, rather than real forward planning. The only change that the AER has proposed to assist energy savings is to allow NSW electricity businesses to spend a miserly extra $575,000 per year on so-called 'learn by doing' activities.

"Regulators should return to a revenue cap and earmark a minimum spending level for demand management of 10% of network revenue *(*about $200m pa*)* on a 'use it or lose it' basis. Instead, the AER seems happy to endorse the $8 billion of spending over the next 5 years on more inefficient poles and wires but on current trends, only $15 million would be spent on efficiency."

See TEC's report at: www.tec.org.au

.

More information: Jane Castle or Jeff Angel – 02 9261 3447 or 0432 287 554