

Our reference: 23/167-1

Contact Jessica Robinson
[REDACTED]

19 January 2024

Mr Andrew Lewis
A/Deputy Secretary
NSW Department of Climate Change, Energy, the
Environment and Water

Via email

Dear Mr Lewis

Request for extension to IPART's review of the future of embedded networks in NSW

On 5 June 2023, the Premier of NSW provided IPART with a terms of reference to review the future of embedded networks in NSW. The terms of reference directed IPART to provide a final report within 9 months of receiving the terms of reference (by 5 March 2024).

Following consultation in August and September, we released a draft report on 7 December 2023. Stakeholder submissions to our draft report are due by close of business today.

Key stakeholders have requested an extension to the submission deadline as there are closely related reviews with similar submission deadlines. In particular, the Australian Energy Regulator (AER) is consulting on the NSW Distribution Network Service Providers' (DNSP) regulatory proposals for 2024-29, which propose new embedded network tariffs. Some stakeholders have indicated that they have concerns with our draft recommendations and wish to submit additional data for IPART's consideration. Many have a strong commercial interest in the final price caps for embedded network customers.

We also note that the ACCC published new data in December 2023 about electricity prices being paid by customers. It shows that for the first time since the introduction of the Default Market Offer (DMO), the median market offer prices being paid by NSW customers are not discounted compared to the DMO. The ACCC data also shows that around 60% of NSW customers on market offers are paying prices that are equal to or higher than the DMO. Our proposed approach to setting prices for embedded network customers is based on benchmarking to available market offers. We are conducting additional analysis to ensure that the methodology results in an appropriate price outcome taking into account changing market conditions.

To ensure that stakeholders have sufficient time to provide a submission to our draft report and for IPART to undertake additional analysis to address the issue raised, we are requesting an extension to provide the final report for the review by 30 April 2024.



IPART's contact officer for this review is Jessica Robinson, Director, contactable on [REDACTED].

Yours sincerely

19/01/2024
[REDACTED]
Andrew Nicholls PSM Chief Executive Officer
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