



**Nature Conservation Council of NSW  
Total Environment Centre**

Ruth Lavery  
**IPART**  
Level 2, 44 Market St  
Sydney, 2000

Dear Ms Lavery,

Thank you for the opportunity to provide input into IPART's current mid-term review of regulated retail tariffs. **As** you are aware, there are a number of issues regarding electricity pricing which have considerable environmental impact. This brief letter simply sets down our concerns and we welcome your offer to discuss them in greater detail.

**NSW** has one of the cheapest electricity markets in the **OECD**. **This** is largely due to the abundant supply of cheap coal and the failure of the market to internalise environmental costs of its use. Additionally, the supply of coal power is assisted by government subsidies, boosting one of the country's traditional, but unsustainable, primary industries.

The cheap supply of **coal** power is one of the major barriers to greater uptake of renewable energy, which, **as** a new industry without the benefits of entrenched subsidies, finds it very difficult to compete. If **NSW** **is** to reach **its** greenhouse **gas** reduction benchmark and make the important transition to a sustainable economy, this inequity must be overcome, perhaps through the application of price weightings (guided by sustainability criteria) for all generation capacity built **with** public funds.

Additionally, electricity price structures fail to send appropriate environmental signals to consumers. Off-peak hot water, due to its heat losses **over** the course of the day, **is** a wasteful service which exists merely to support the idiosyncrasies of coal power stations. **The** very low tariff charged for this service acts as a major barrier to the uptake of more sustainable water heating options such **as** gas or solar hot water. **The** introduction of shoulder tariffs would not appear to solve this problem. Rather, off-peak hot water should be abandoned as an antiquated and unsustainable service.

Finally, the supply of cheap electricity and the remaining tendency towards declining tariff structures act as a barrier to the effective adoption of demand management programs, currently being examined by **IPART**. **Tariffs** should rise with greater use of energy to encourage energy conservation measures.

We will be in contact to arrange a meeting to discuss these and other environmental concerns regarding your current review. If **you** would like to contact us, please **call** Jeff Angel at the Total Environment Centre on 9299 5599.

Thank you,

Jeff Angel, Director, Total Environment Centre

Kathy Ridge, Executive Officer, Nature Conservation Council of **NSW**