

ENERGY (RENEWABLE TRANSFORMATION & JOBS) BILL 2023 EXPOSURE DRAFT

30 JUNE 2023

The Energy Users' Association of Australia (EUAA) is the peak body representing Australian commercial and industrial energy users. Our membership covers a broad cross section of the Australian economy including significant retail, manufacturing, building materials and food processing industries. Combined our members employ over 1 million Australians, pay billions in energy bills every year and in many cases are exposed to the fluctuations and challenges of international trade.

The EUAA appreciates the opportunity to make a submission on the Draft Bill. When the Queensland Energy and Jobs Plan (QEJP) was first published we saw a lot to like in it:

- It set out a very clear and ambitious pathway to achieving the Governments goal's – our members like clear policy direction so they can make their own long-term business plans
- The enshrining of Government ownership of generation, storage and network in the legislation; this gives our members much greater confidence that the plans will be achieved in a co-ordinated and efficient way through the ability to flex the closure dates of coal plant
- The focus on the regions with the with key regional industries in mining and minerals processing seeking to maintain their competitive advantage in a renewables future
- The important focus on skills and training requirements to meet the demand for skilled labour
- The generator funded REZ model compared with other States where consumers fund the substantial part of the REZ capital

We cannot underestimate the challenges to both the public and private sectors in implementation of such a huge investment programme across the State at a time when there are severe supply chain resource constraints and heightened social licence risks. We think the Bill lays the groundwork for this to have the best chance of success.

Our focus in this submission is on Priority Transmission Investments and Renewable Energy Zones. The legislation needs to ensure that consumers have confidence that the network build costs that are recovered through regulated markets (through return of and on capex in the Powerlink Regulated Asset Base) are prudent and efficient. We acknowledge the very productive discussions we have had with the Department of Energy and Public Works in seeking to understand the main features of the legislation and how it will be implemented. Two particular features provide an important measure of comfort:

1. The overall aim of retaining as much of the national rules framework as possible in developing the PTI framework, and
2. The central role of Powerlink in planning and implementing the QEJP.

On the former, the national rules provide a robust framework for ensuring electricity consumers will only pay for projects that have net benefits. On the latter, we have been a member of the Powerlink Customer Panel since 2015

and in that time have come to appreciate the genuineness of their commitment to both effective stakeholder engagement and to minimising costs to Queensland electricity consumers. The EUAA will also be a member of the sub-panel Powerlink is establishing to consider Priority Transmission Investments.

With that background we offer the following comments:

Transparency is crucial

Under the national rules there are requirements to publish detailed reports at each stage of the process e.g. PADR/PACR/contingent project application. We think that is an important part of getting consumer confidence that the project is in their long-term interests. While there may not be a specific requirement in the legislation to do so, we look forward to Powerlink providing that transparency.

We understand and accept the Bill allows the Minister to proceed with a project that may have negative net benefits. However, a transparent process is required to ensure consumers are aware of that and they have the opportunity to argue that the capex that goes into the Powerlink RAB should be no more than the identified benefits. Any capex above benefits should be funded by taxpayers, not electricity consumers.

The ability of consumers to provide input to and comment on policy development and implementation should be central

The only specific role for consumers is the requirement that the Queensland Energy System Advisory Board [CI 82 3 (b)]:

“at least 1 appointed board member must have knowledge, qualifications or skills in relation to advocacy or support for consumers of energy”

We would recommend that where the Government decides to appoint a Board of 5 persons that consideration be given to having a minimum of 2 members who are able to represent consumers’ interests.

While under the Draft Bill says [CI 24 (2)]:

“The Minister may seek advice on the submission from an appropriately qualified person.”

referring to a Powerlink submission on candidate priority transmission investment, it provides no requirement for public consultation through the proposed PTI 4 stage process. We would recommend that the opportunity for public consultation be included in the Bill covering all stages:

- In the development of the Infrastructure Blueprint - drawing on the engagement process AEMO undertakes in developing the ISP
- Through the Candidate PTI Assessment under the ‘Queensland tailored RiT-T process’ undertaken by Powerlink
- The RAB allocation direction
- Material change PTI recovery direction

Alignment with the ISP

Clause 78 2 (b) says that the Energy System Advisory Board in performing its functions must consider:

“documents prepared and published by AEMO that include forecasts in relation to the national electricity market.

We think alignment as much as possible with the ISP is important, noting that there will be differences in purpose.

The need to mitigate stranded asset risk for consumers from building REZs

We strongly support the generator funding REZ model. We do have some concern however about the potential for consumers to bear some stranded asset risk where generators may not follow through on their commitments to connect to a REZ that Powerlink is developing. We expect Powerlink will ensure contractual arrangements minimise that risk but there will be a mismatch in timing between when construction of the REZ has to begin and when construction of the generation connecting to the REZ has to be built.

We look forward to continuing engagement with the Department and Powerlink and the Bill is passed into law and implementation begins.

Do not hesitate to be in contact should you have any questions.



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