

## QEJP REGIONAL ENERGY TRANSFORMATION PARTNERSHIP FRAMEWORK AND THE RENEWABLE ENERGY ZONE (REZ) ROADMAP

**22 SEPT 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.

This submission covers both the REZ Partnership Framework and the REZ Roadmap.

In our earlier submission on the QEJP legislation<sup>1</sup> the EUAA has strongly supported the Plan.

- 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 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 are impressed by the comprehensive approach the Government and Powerlink are taking in developing both the Partnership Framework and the REZ Roadmap. Through our role on the Powerlink Customer Panel, we have participated in the development of the Supergrid Landholder Payment Framework and are currently a member of the Powerlink Sub-Panel looking at Supergrid Strategy Priority Transmission Investment (PTI) engagement model. We also had the benefit of attending the recent REZ Roadmap workshop in Brisbane.

As experience in southern States has shown, obtaining social licences is fast becoming the key determinant of the development timeline and a major influence on cost. Queensland has the opportunity to learn from the experience in southern States and develop a framework that meets the needs of Queenslanders.

We strongly support the proposed Partnerships Framework and the seven Principles. We make the following specific comments:

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<sup>1</sup> <https://euaa.com.au/euaa-submission-energy-renewable-transformation-jobs-bill-2023-exposure-draft/>

- There needs to be a significant expansion in the level of engagement with local communities as early as possible in the planning process; in particular local communities need to have trust that both the Government and Powerlink will listen and respond to their concerns before any discussion of particular routes
- Regional benefits sharing is crucial; we would highlight the need for co-ordination between Powerlink and Energy Queensland – local support is compromised where landowners who are asked to host large transmission towers on their land have their local supply through an unreliable SWER line
- It is not just a matter of local businesses and workforces having opportunities to be involved in the energy transformation, it is also a matter of those local communities having the skills available to meet local needs; it might be great that local electricians are working on building new network or generation infrastructure but the local community still needs electricians for local work
- That is why skills development is crucial; it takes time to develop these so it is good to see the various Government initiatives aimed at improving skills availability; we need to be aware of the risk that demand for local skills drives up their cost which locals then have to pay during the infrastructure build and perhaps after it has been completed
- There is a delicate balance between renewable development and the preservation of Queensland’s environment and we are pleased to see the Government’s recent announcement of a review the Wind Farm Code and its focus on environmental impacts
- Employment and business opportunities for First Nations peoples have to be front and centre, as well as sensitivity to their concerns about infrastructure location.

There is no doubt that there will be immense benefits to Queensland regions from a properly managed energy transition. Key to that will be effective operation of the three QREZ Regional Reference Groups. We think that a useful model to consider is the customer reference panels used by electricity and gas networks to review the networks five year expenditure proposals submitted for approval to the Australian Energy Regulator. The EUAA is involved in a number of these groups and finds the best show sector leading best practice engagement on network build and operation. For example, here are the Terms of Reference for these Panels for current AER resets for Energy Queensland<sup>2</sup>, Ausgrid<sup>3</sup> and Endeavour<sup>4</sup> that the EUAA is a member of. For an additional example, there are the Terms of Reference for the ISP Consumer Panel<sup>5</sup>.

Important characteristics include:

- Governance framework that ensure their independence eg independent chair, other members representing particular consumer interests as well as independent subject matter experts, no network members, ability to explore any topic and publication of their reports
- Capacity building support for members
- Payment for members participation with a total budget that is flexible to enable the panel to explore topics at depth
- Provision by the network of a budget for commissioning independent research
- Appointment for the term of the revenue reset so they can follow through on the entire process
- Clear understanding of where their engagement role sits on the IAP2 spectrum<sup>6</sup>;

We would suggest that the Regional Energy Reference Groups should have a large part of their role at the ‘involve’ and ‘collaborate’ level to build and retain trust with the local community.

<sup>2</sup> <https://www.talkingenergy.com.au/reset-reference-group>

<sup>3</sup> <https://www.ausgrid.com.au/-/media/Documents/Customer-engagement/CCC/Ausgrid-Customer-Committee-Terms-of-Reference.pdf>

<sup>4</sup> <https://yoursay.endeavourenergy.com.au/your-power-your-say-your-future>; Go down the right hand side of the page until you get to “Key Reading” and then “The Regulatory Reference Group (RRG)” and then “Regulatory Reference Group Terms of Reference January 2022”

<sup>5</sup> <https://aemo.com.au/-/media/files/major-publications/isp/2022/isp-consumer-panel-terms-of-reference.pdf?la=en>

<sup>6</sup> <https://iap2.org.au/resources/spectrum/>

Our final comment is around the Priority Transmission Investment process currently being developed by the Government and Powerlink to apply to the transmission projects where the costs end up in the Powerlink Regulated Asset Base and hence are paid for by consumers. This currently covers the Gladstone Grid reinforcement and the 4 stages of the 500kV backbone transmission projects in the QEJP.

We think it is very important that the evaluation of these projects clearly identifies the benefits to electricity consumers and the benefits to the wider community. Consistent with the RiT-T test, we believe that the maximum costs that go into the RAB are no more than the benefits forecast to accrue to electricity consumers. If the project costs are greater than that level then the additional costs should be borne by Government through the budget, rather than by electricity consumers in their bills. This is no different to government funding of other infrastructure where it has wide community benefits.

We look forward to continuing to support Powerlink and the Queensland Government as details of these initiatives are developed and the QEJP is implemented.

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



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