REVIEW OF QUEENSLAND ENERGY LEGISLATION – ISSUES PAPER
POWERLINK QUEENSLAND SUBMISSION

This submission is made on behalf of the Queensland Electricity Transmission Corporation Limited trading as Powerlink Queensland (Powerlink). Powerlink supports the Queensland Government’s initiatives to deliver affordable and reliable electricity and welcomes the opportunity to provide input to the Review of Queensland Energy Legislation Issues Paper (Issues Paper).

This review provides a timely opportunity to ensure that the State-based legislative framework is consistent with national energy legislation. At the time the Electricity Act 1994 initially came into force it provided for a traditional, linear electricity delivery model with generators producing electricity, transmission and distribution network service providers transporting electricity and retailers supplying electricity to end-use customers. Since then the Electricity Act 1994 has been amended to reflect key market reforms which have increasingly resulted in the transfer of some regulatory functions to national bodies/legislative frameworks, for example the introduction of the National Energy Customer Framework which lead to licensing of retailers under the National Energy Retail Law. More recently the industry has experienced unprecedented change, with customers adopting new technologies, increased customer agency/empowerment and significant national reviews namely the Finkel Review to address challenges around system planning, governance and transitioning to a low carbon economy.

Powerlink’s initial responses to the Issues Paper are addressed in the attachment.

If you have any questions in relation to this submission or would like to meet with Powerlink to discuss this submission, please contact Matthew Myers.

Yours sincerely,

Merryn Yore
CHIEF EXECUTIVE

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Powerlink Queensland is the registered business name of the Queensland Electricity Transmission Corporation Limited
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ATTACHMENT

1. Introduction

Powerlink is a government owned corporation that owns, operates, develops and maintains Queensland’s high
voltage electricity transmission network. It is responsible for providing electricity to almost five million people,
which includes supplying electricity to the electricity networks owned by Energy Queensland, Essential Energy (in
northern NSW) and TransGrid (NSW). Powerlink also provides network connections for large-scale generators, as
well as for major industrial customers operating rail systems, mines and mineral processing facilities.

Powerlink is committed to:

- delivering safe, cost effective and reliable transmission services;
- the safety of the community, our contractors and our people; and
- genuinely engaging with customers, genuinely considering feedback received and demonstrating how
  engagement has improved decision-making.

Our transmission services play a key role in driving economic growth and enriching lifestyles and therefore we have
a strong interest in contributing to, and assisting with, the review of the Queensland’s energy legislation and
ensuring any proposed amendments support the above commitments.

2. Flexibility to Adapt to the Changing Environment

The National Electricity Market (NEM) is experiencing significant transformation. These changes have been driven
by many factors, including: consumers as they take more control of their energy use; evolving changes in
technology which have enabled consumers to also produce energy; and the development and integration of large
scale renewables and non-synchronous generation connecting to the grid.

Given the rate of industry change, flexibility is critical to ensure that the legislative framework can remain
contemporary and fit-for-purpose. Powerlink considers that an appropriate approach to achieve this would be to
have the legislation provide the overarching framework with stated objectives and principles to be considered in
developing instruments to give effect to the legislative requirements. Technical and other more detailed
requirements and processes to be followed could be captured in the regulations, guidelines and/or industry codes.
This could include the consultation process and timeframes which must be undertaken to consider and determine
changes to these instruments. For example, a framework that is similar in structure to the hierarchy of legislation at
the national level, whereby:

- the primary legislation (the "Electricity Act") establishes the strategic intent
- the regulations contain objectives or criteria to be considered when making a decision under the
  regulations, as well as the potential for a public consultation process to be undertaken to change the
  regulations; and
- Guidelines or Codes are developed to address the details of specific matters, similar to the AER being
  required to develop Guidelines on incentive schemes to be applied.

The key benefit of having more detailed requirements in other regulatory instruments rather than the primary
legislation is that they can be more easily amended, thereby facilitating market transformation in a timely manner.

As part of these arrangements, the Government may also wish to consider whether it would be reasonable to build
in a safe-guard mechanism which would enable it to progress matters in a more timely way, particularly if issues
are stalled at the national level.

3. Consumer Protections

Consumers (or end users of electricity) play a key role in the market, particularly in terms of the choices they make
in how energy is accessed, used and valued. Consumer behavior, therefore, can and does impact the demands on
distribution and transmission networks.
Powerlink also acknowledges that considerable work has occurred at the national level in relation to consumers - as an example through the Power of Choice Review and the National Energy Customer Framework. In its Electricity Networks Transformation Roadmap, Energy Networks Australia also identified the need for consumer protections for customers in vulnerable circumstances and to ensure that increased competition through the provision of other services or products in the market does not unintentionally constrain customer choice or efficient outcomes.

Again, in light of these national developments, Powerlink proposes that the Government leverage off these arrangements and only include additional consumer protections as part of the State instruments where necessary. For example, this could include continuation of the Energy and Water Ombudsman Queensland (EWOQ).

4. Emergency Powers

Emergency powers are essential to delivering safe and reliable electricity services. While the national energy framework provides regulation for emergency management, there is still a need for state-based emergency powers to enable management of the NEM and localised emergencies, including invoking mandatory restrictions. It is important that the processes for exercising those powers support timely decision making so as to be of most benefit during emergency events. The current processes supporting the exercise of emergency powers need to be updated (for example, review the requirement for gazette publication to invoke mandatory restrictions). The Queensland Government may also want to consider flexibility to consider both supply and demand management as part of exercising its emergency powers.

This review also provides an opportunity for the Government to reflect some of the established decision making considerations that arise in relation to the management of emergencies in the context of the NEM; review who can declare a state disaster/emergency and invoke emergency powers, and whether to include provision for such in the Electricity Act 1994; and to ensure emergency powers are flexible to keep up to date with changes in the industry and technologies that bring with them new threats (e.g. more recently cyber-security).

5. Powers of Entry and Resumption

In order to provide safe, reliable and cost-effective transmission services it is essential that Powerlink has rights to enter land to construct, operate and maintain the network. The current powers of entry and resumption in the Electricity Act 1994 are critical because electricity transmission is an essential service in similar way as roads, water supply etc. Those powers are a common feature of the statutory rights given to other essential infrastructure providers to benefit the wider community. In addition, those powers are supported by well-established processes which provide a level of certainty and protection to affected stakeholders.

Powerlink’s network traverses 1,700 kilometres over public and privately owned land. To support the infrastructure requirements for the network, Powerlink acquires freehold substations sites and easements (a legal ‘right of way’).

Powerlink’s approach to acquisition is to seek agreement with landowners to grant the required property rights. Agreement can take various forms including a resumption agreement. For linear infrastructure requiring a contiguous corridor, traversing many properties and many different land tenures, agreement cannot always be reached, and may require the use of resumption powers.

In addition, for various reasons, including acquisitions by other infrastructure providers and changes on title, there are parts of the existing transmission network that are not covered by easements. In those instances Powerlink relies on its powers of entry under the Electricity Act 1994 to give it a statutory basis to operate and maintain the network.

It is therefore important to maintain the current powers of entry and resumption for the safe, reliable and cost-effective delivery of electricity services. Powerlink recognises the need to ensure those rights are exercised in a way that respects landowners’ property rights. Powerlink has worked with landholders and other stakeholders to ensure that our land access and engagement practices are aligned with landholder expectations and have developed our Land Access Protocol (LAP) to support our social licence to operate.
6. Licensing

Powerlink considers that the State-based licensing arrangements have been an effective mechanism to date to establish, maintain and enforce a system of rights and obligations for entities involved in the transmission of electricity in Queensland.

However, as noted in the Issues Paper, there may be a need for the licensing arrangements to provide greater transparency in terms of the authorities that are issued. This could potentially extend to the conditions under which the authorities will operate, particularly where there is a demonstrated need for authority holders to have visibility of certain data. One example of this relates to the need for Powerlink to have access to more detailed data on generators embedded in the distribution network to more accurately forecast and inform network planning assessments of future transmission network requirements.

Further, as a result of a recent Rule change\(^1\) to introduce additional contestability into the provision of connection services from 1 July 2018, third parties have the ability to design, construct and own identified user shared assets ("IUSAs"). These are assets required within the shared network for connection of a load or generator and which, once commissioned, form part of the shared transmission network. Given that it is not clear whether third parties who intend to own IUSAs in Queensland need to hold a Transmission Authority, there would be benefit in the Government clarifying whether it considers that this should be the case. Importantly, these assets form part of the shared transmission network and therefore have the potential to impact the level of service – including safety, reliability and security – provided to consumers/groups of consumers served from that connection point. While Powerlink is required to operate and maintain these IUSAs, these new developments in the regulatory framework add complexity to the existing arrangements which need to be properly considered and addressed. Powerlink understands that the current Queensland licensing arrangements did not contemplate a situation whereby more than one party would be involved in the provision of a transmission service.

7. Other Matters

In addition to the specific matters outlined above, Powerlink has also provided some comments on some of the existing provisions in the legislation identified in the Issues Paper. Those comments are set out in Annexure A to this submission. Powerlink is happy to elaborate further on these issues through the review process.

8. National Level Reviews

Powerlink notes that this review coincides with a number of reviews currently underway at a national level which may inform, influence, guide or affect existing provisions in the legislation. A number of those reviews have key milestones starting from late June 2018 into late 2018, such as the Reliability Frameworks Review, Coordination of Generation and Transmission Investment Review, National Energy Guarantee and Final System Security Strength Guidelines. It is therefore important that this legislative review and any outcomes from it are flexible enough to take into account and evolve with the outcomes of current and future reviews at a national level. Powerlink also sees a role for the Queensland Government in coordinating how energy reform at a national and State level is implemented in Queensland.

9. Further Consultation and Engagement

Powerlink recognises that the Queensland Government’s process thus far has allowed for participation from a broad range of stakeholders. For example, this has included workshops in relation to generators, distributors, retailers, consumers and new technology.

In the subsequent stages of this review, Powerlink encourages the Government to continue with this approach to ensure that consumers, industry and other stakeholders have the opportunity to provide input but suggest doing this on a cross-sectoral basis. This will allow the Government to better understand these different concerns and perspectives. It would also be beneficial if the Government could explain how it has had regard to the input from stakeholder groups in reaching its conclusions. Powerlink looks forward to the opportunity to participate in the next stages of the review.

\(^1\) Transmission Connection and Planning Arrangements, Final Determination, 23 May 2017.
## ANNEXURE A

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<tr>
<th>Existing Provisions</th>
<th>Powerlink’s Initial Comments</th>
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| **Energy efficient and demand management**    | • Support energy sector participants working with customers to improve energy efficiency  
• Need a holistic approach e.g. pricing, licensing, customer protection etc in order to maximise benefits and outcomes;  
• Opportunity to support distribution demand management given the introduction of specific NER requirements. |
| **Technical requirements**                    | • Technical requirements for transmission networks are provided under the NEM framework – consider removal of technical requirements for efficiency and avoidance of duplication |
| **Offences and enforcement**                  | • Support review of the current offences and enforcement provisions  
• Consider the introduction of wider enforcement powers, including penalties, for offences such as interfering with electricity infrastructure (both physical and cyber) |
| **Dispute Resolution**                        | • There is still a need for State based dispute resolution provisions/legislation to manage disputes that are not covered by the NER/ NEL e.g. consumer complaints |
| **Differential treatment of electricity and gas** | • Support consistency of requirements where practical  
• Support clear identification of areas for differential treatment  
• Separate legislative instruments may be more appropriate for the industry |