The Clean Energy Council (CEC) welcomes the opportunity to provide feedback on the Queensland Government’s review of energy legislation.

The CEC is the peak body for the clean energy industry in Australia. We represent and work with hundreds of leading businesses operating in solar, wind, hydro, bioenergy, marine and geothermal energy, energy storage and energy efficiency along with more than 6,500 solar installers. We are committed to accelerating the transformation of Australia’s energy system to one that is smarter and cleaner.

This submission focuses on four topics identified in the Options Paper, namely licensing, technical requirements, price control and customer protection.

The CEC welcomes the acknowledgement that gaps exist in the licensing framework, which did not contemplate micro-grids, stand-alone power systems (SAPS) and batteries, and community owned assets. We urge the Queensland Government to develop a licensing framework as soon as possible for small town-scale, vertically integrated microgrids where effective retail competition is unrealistic.

The CEC supports the objective of removing barriers within state law to distribution network service providers (DNSPs) supplying connections via stand-alone power systems.

We support the proposal to consolidate current rules (legislation, regulation, Distribution Network Code, licence conditions) into a standards and codes framework administered by the Queensland Competition Authority (QCA).

We support the proposal to amend legislation to remove barriers preventing customers on isolated networks from being able to enter agreements with any electricity sellers.

We strongly support the proposed changes to address size and technology limitations on regional feed-in tariffs (FiTs) which cause some customers to miss out on credits for exports and may restrict participation in virtual power plants.

We strongly support the proposed changes to the customer protection framework that would enable the government to enter into agreements with ‘exempt sellers’ to administer concessions in addition to retailers so that eligible customers on off-grid networks can receive appropriate financial assistance.

We would be very happy to discuss these issues in further detail. We look forward to contributing further to this review.
Licensing

The CEC welcomes the acknowledgement in the Options Paper that gaps exist in the licensing framework, which did not contemplate micro-grids, stand-alone power systems and batteries, and community owned assets. We agree with the observation that for these models, the system is unnecessarily confusing and complex to navigate. Complex stand-alone power systems which provide electricity to small groups of regional customers are becoming more feasible and we agree that additional oversight is needed.

The Options Paper has recommended alignment with the national framework. Since the publication of the Australian Energy Market Commission (AEMC) has published its final report on the regulatory framework for SAPS provided by parties other than DNSPs.

The AEMC considered the development of a national framework to support the supply of electricity from SAPS provided by parties other than DNSPs. The Final Report recommends that:

- There should be a ‘tiered framework’ applied in a proportionate and flexible manner to provide appropriate protections for consumers,

- Stand-alone power systems (SAPS) be regulated under three categories, namely:
  - **Category 1**: Very large microgrids able to support effective retail competition and that are large enough to warrant regulatory determinations by the Australian Energy Regulator (AER),
  - **Category 2**: Small town-scale microgrids that are vertically integrated and where effective retail competition is unrealistic, and
  - **Category 3**: Very small microgrids, individual power systems (where there is sale of energy) and microgrids that only supply large customers.

- For individual power systems the impost of additional energy-specific regulations beyond those relating to safety would not be proportionate

Category 2 microgrids will be subject to regulation at the jurisdictional level and state and territory governments are now expected to develop regulatory frameworks for ‘Category 2’ SAPS.

Category 3 microgrids would have only a few (or one) customer and would involve the sale of energy rather than the outright sale of a SAPS. They would be regulated through jurisdictional registered exemptions or jurisdictional licensing with limited conditions.

The threshold between Category 1 and Category 2 microgrids would be set and applied nationally. It would be up to jurisdictions to administer the threshold between Category 2 and Category 3 systems.

The AEMC encourages jurisdictions to commence the process of development of frameworks for category 2 and 3 third-party SAPS “as soon as possible”. The review of Queensland’s energy legislation is therefore very timely.

The CEC urges the Queensland Government to develop a licensing framework as soon as possible for small town-scale, vertically integrated microgrids where effective retail competition is unrealistic.
Technical requirements

The CEC supports the objective of removing barriers within state law to DNSPs supplying connections via stand-alone power systems. This would complement work being done at the national level.

We support the proposal to consolidate current rules (legislation, regulation, Distribution Network Code, licence conditions) into a standards and codes framework administered by the QCA. We agree that it is very challenging keeping standards up to date and responsive to changes in conditions, technology and market models when legislative or regulatory change is needed. Consolidation into a standards and code framework should enable more rapid evolution of rules for distributed energy resources (DER). It would also make sense for the standards and codes framework to incorporate technical standards that apply to electric vehicle (EV) charging stations.

We support the proposal to clarify that users must apply to the network before connecting export-capable systems (including batteries) rather than seeking approval for ‘generating plant’. We support the observation that “there would be no overarching benefit to require a customer with an inverter which has not otherwise been configured to actually export to seeking a distributor’s approval”. However, we note that from 2020 the Australian Energy Market Operator (AEMO) is expected to require registration of new distributed energy resources (DER) in its DER Register. DNSPs will be required to collect information on DER connections and provide it to AEMO and this would capture EVs with vehicle-to-grid charging capability. It is therefore likely that there will continue to be a need for DNSPs to be informed of DER connections (including EVs), even if there is no overarching benefit in requiring a customer to seek a distributor’s approval to connect an inverter which has not otherwise been configured to actually export.

We support the proposal to amend legislation to remove barriers preventing customers on isolated networks from being able to enter agreements with any electricity sellers (e.g. solar power purchase agreements).

Price control

The CEC welcomes the proposed changes to address size and technology limitations on regional FiTs which cause some customers to miss out on credits for exports and may restrict participation in virtual power plants. There would be significant benefits for all consumers from enabling payment of feed-in tariffs in regional areas for exports from EVs. We support the proposal to increase the 30 kW threshold to 100 kW. We agree that this change would not apply to Solar Bonus Scheme customers. We also welcome the proposed clarification that the regional FiT operates as a minimum requirement and does not prevent more favourable offers.

Customer protection

The CEC welcomes the changes proposed to the customer protection framework that would enable the government to enter into agreements with ‘exempt sellers’ to administer concessions in addition to retailers so that eligible customers on off-grid networks can receive appropriate financial assistance. We strongly support the position articulated in the Options Paper, that there should be no legislative barriers to the Government deciding to extend concessions to off-grid private networks.