29 June 2018

Review of the Queensland Energy Legislation – Issues Paper
Energy Industry Policy – Strategic Futures
Department of Natural Resources, Mines and Energy
PO Box 15456
City East Qld 4002

Attn: Ms Juliette Gout, Manager – Energy Legislation Review
Via email: energyreview@dnrme.qld.gov.au

Dear Ms Gout,


Thank you for the opportunity to provide comments in relation to the review of Queensland energy legislation being undertaken by the Department of Natural Resources, Mines and Energy (DNRME).

Local government assets provide a range of services, many of which are essential to Queensland’s communities. These assets include local roads, water supply and distribution networks, reticulated sewage treatment systems, stormwater management, and parks – among others. Many of these assets, in one way or another, rely upon the safe, reliable and cost-effective supply of electricity to function.

The Local Government Association of Queensland (LGAQ) notes the scope of DNRME’s review is limited to state-based energy legislation. While not specifically addressing each of the individual questions posed in the Issues Paper (many of which the LGAQ does not have any comment to offer), the LGAQ does however offer the following comments. LGAQ also offers additional comments related to cost pressures placed upon councils owing to provisions in the Electricity Act 1994 and associated regulations.

Special approvals and exemptions framework

The LGAQ supports the retention of the special approvals and exemptions framework for lower risk activities and non-traditional supply systems as it provides increased flexibility and allows for greater uptake of emerging technologies. Such flexibility is vital to ensuring that appropriate and affordable solutions can be deployed across the State’s rural/remote and indigenous communities.

Charging based on demand

LGAQ’s November 2015 submission to the Queensland Productivity Commission’s Electricity Pricing Inquiry raised concerns regarding the implementation of demand charging, particularly at sites with uncontrollable demand. This creates disproportionally higher cost impacts for Queensland councils with sites that, while classified as large, ultimately have relatively low kWh consumption. To alleviate these concerns, the LGAQ recommends that the Queensland Government amend the Electricity Amendment Regulation (No.3) 2007 to reflect the 160MWh threshold in New South Wales.

Furthermore, and in relation to sites that are classified as Standard Asset Customer (SAC) – Large, the existing ‘non-reversion’ policy for sites that have been transferred to the Large Contestable Market should also be reviewed. Taking technological advances into consideration, the ability to revert to notified prices will support local government investment to reduce overall and/or instantaneous demand.
**Infrastructure relocation**

At the 2015 LGAQ Annual Conference the following motion, as moved by Mackay Regional Council, was carried:

> That the Local Government Association of Queensland lobby public utility plant providers for the development of a more equitable cost sharing protocol for the relocation or replacement of their plant arising from local government works related to the remaining life of the asset and any capacity upgrade generated by the relocation or replacement works.

In response to this resolution, the Hon. Mark Bailey MP, the then Minister for Energy and Water Supply, advised that “Under the Electricity Act 1994, where the removal or relocation of an electricity entity’s assets is required, the person or entity requiring the removal or relocation is responsible for the costs”.

As such, the LGAQ recommends that the provisions in the Electricity Act 1994 be amended to provide greater clarity surrounding the cost of altering the electricity network such that councils are only responsible for covering the foregone proportion of remaining useful life of the impacted asset. Given replacement of assets is covered by depreciation allowances approved by the Australian Energy Regulator, and included within overall approved network charges, current legislative provisions create additional cost imposts on local government and the communities they serve.

**Contact for future phases of the review**

The LGAQ would welcome the opportunity to further comment during the future phases of the review. Should further information on any aspect of LGAQ’s response be required, please don’t hesitate to contact Mr Scott Britton, Principal Advisor – Roads, Transport and Infrastructure on [Contact Information] or [Contact Information].

Yours sincerely,

Sarah Buckler PSM
GENERAL MANAGER – ADVOCACY