About Energy Queensland

Energy Queensland Limited (Energy Queensland) is a Queensland Government Owned Corporation that operates a group of businesses providing energy services across Queensland, including:

- Distribution Network Service Providers, Energex Limited (Energex) and Ergon Energy Corporation Limited (Ergon Energy);

- a regional service delivery retailer, Ergon Energy Queensland Pty Ltd (Ergon Energy Retail); and

- affiliated contestable business, Yurika Pty Ltd (Yurika), which includes Metering Dynamics Pty Ltd (Metering Dynamics).

Energy Queensland’s purpose is to “safely deliver secure, affordable and sustainable energy solutions with our communities and customers” and is focussed on working across its portfolio of activities to deliver customers lower, more predictable power bills while maintaining a safe and reliable supply and a great customer experience.

Our distribution businesses, Energex and Ergon Energy, cover 1.7 million km² and supply 37,208 GWh of energy to 2.1 million homes and businesses. Ergon Energy Retail sells electricity to 740,000 customers.

The Energy Queensland Group also includes Yurika, an energy services business creating innovative solutions to deliver customers greater choice and control over their energy needs and access to new solutions and technologies. Metering Dynamics, which is a part of Yurika, is a registered Metering Coordinator, Metering Provider, Metering Data Provider and Embedded Network Manager. Yurika is a key pillar to ensuring that Energy Queensland is able to meet and adapt to changes and developments in the rapidly evolving energy market.

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1 Introduction

On 25 October 2019, the Department of Natural Resources, Mines and Energy (DNRME) released the *Options Paper for the Review of Queensland Energy Legislation* (the Options Paper) for public consultation. This Options Paper incorporates eleven (11) detailed Regulatory Impact Statements (RISs) which outline opportunities and options to address concerns raised by industry in response to DNRME’s 2018 Energy Legislation Review Issues Paper.

The 11 RISs released for public consultation are as per the following table.

<table>
<thead>
<tr>
<th>RIS</th>
<th>RIS Topic</th>
</tr>
</thead>
<tbody>
<tr>
<td>T1</td>
<td>Purpose of state energy laws (i.e. the Objectives of the Acts)</td>
</tr>
<tr>
<td>T2</td>
<td>Energy efficiency and demand management</td>
</tr>
<tr>
<td>T3</td>
<td>Interaction with applied national laws</td>
</tr>
<tr>
<td>T4</td>
<td>Licensing</td>
</tr>
<tr>
<td>T5</td>
<td>Powers of entry and resumption</td>
</tr>
<tr>
<td>T6</td>
<td>Technical requirements</td>
</tr>
<tr>
<td>T7</td>
<td>Price control</td>
</tr>
<tr>
<td>T8</td>
<td>Dispute resolution</td>
</tr>
<tr>
<td>T9</td>
<td>Customer protections</td>
</tr>
<tr>
<td>T10</td>
<td>Emergency powers</td>
</tr>
<tr>
<td>T11</td>
<td>Offences and enforcement</td>
</tr>
</tbody>
</table>

Energy Queensland has reviewed each of the RISs with respect to the operations of its group of businesses, and its comments are provided in Section 2 of this submission. It should be acknowledged that our comments focus on the *Electricity Act 1994* (the Electricity Act) and the *Energy and Water Ombudsman Act 2006*, noting that the Energy Legislation Review extends to include the *Gas Supply Act 2003* and the *Liquid Fuels Supply Act 1984* which are outside the scope of our business activities.
We take this opportunity to reiterate our view that it is only once access is provided to the detailed legislative drafting (as proposed by DNRME as its Stage 3 consultation), that we will be able to provide definitive comment on any preferred policy position.

Of specific interest to Energy Queensland is DNRME’s intent to transfer many of the Regulator’s\(^1\) current responsibilities under the Electricity Act, together with proposed new obligations, to the Queensland Competition Authority (QCA). While Energy Queensland enjoys a good working relationship with the QCA, we mention that the QCA is an industry funded economic regulator with limited technical capacity. As the Ergon Energy and Energex distribution businesses are the entities in Queensland most affected by the proposed transfer of these responsibilities to the QCA, we are of the view that Energy Queensland will be liable for the majority of the QCA’s initial upskill and resource costs associated with this transition, together with the majority of future ongoing costs. Energy Queensland currently pays the QCA just over $1.5 million per annum with respect to current regulatory obligations. With the transfer of additional technical regulatory obligations and responsibility, we expect this liability to significantly increase, particularly in the initial years. As regulated entities, these costs will flow to customers. For this and the reasons outlined in our response to RIS 2.6, we do not support such an approach.

We are note that RIS 2.5 Powers of Entry and Resumption incorporates historical issues which previously existed between the Department of Transport and Main Roads (TMR) and Energy Queensland with respect to electricity activities on roads and in road corridors. TMR and Energy Queensland have been working cooperatively for some time to address the concerns of both parties, and have made significant progress in this regard.

Energy Queensland also notes DNRME’s preferred option to expand eligibility to the Regional Feed-in-Tariff (FiT) scheme. While we acknowledge that at face value there may be potential benefits associated with expanding eligibility to this scheme, we recommend that a comprehensive review be undertaken of the Regional FiT scheme to ensure there can be no cross-subsidisation of customers who receive the Regional FiT by those who do not have Distributed Energy Resources (DER) installed, particularly in light of current trends in the daytime wholesale market spot price.

With respect to Electric Vehicles (EVs), the Options Paper concentrates on EV’s installed at the residential level. In our view there is a need to expand the policy considerations and study the impacts of EV fleets, including the potential for EV concentration and its impact on network and retail operations.

\(^1\) Currently the Director-General, Department of Natural Resources, Mines and Energy.
Energy Queensland is available to discuss this submission or provide further detail regarding the issues raised, should DNRME require.
2 Specific comments

2.1 Purpose of state energy laws (i.e. the objectives of the Acts)

2.1.1 Options

The options being considered by DNRME with respect to interaction with applied national laws are as per the following table.

<table>
<thead>
<tr>
<th>Option</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Option 1 Status Quo</td>
<td>No changes would be made to the existing stated purposes in Queensland energy legislation</td>
</tr>
<tr>
<td>Option 2 Align with national energy objectives</td>
<td>The purpose sections of the Electricity Act and Gas Supply Act would be updated to align with national objectives. A purpose section would be included in the Liquid Fuel Supply Act. No change would be made to the Energy and Water Ombudsman Act.</td>
</tr>
<tr>
<td>Option 3 Align with national energy objectives and Queensland energy priorities</td>
<td>The purpose section of the Electricity Act and Gas Supply Act would be updated to reflect the dual role of state energy legislation in supporting applied national laws and state priorities. A purpose section would be included in the Liquid Fuel Supply Act. No change would be made to the energy and Water Ombudsman Act.</td>
</tr>
</tbody>
</table>

2.1.2 Stakeholder Questions

Q1.1 Of the options considered for this Topic, which one do you prefer?
- Option 1
- Option 2
- Option 3
- I do not like any of these options
- Blank (I have no interest in this topic)

Energy Queensland supports Option 3.
Q1.2 Why

Energy Queensland supports the adoption of option 3 as it seeks to align the purpose of the Electricity Act with the national energy objectives and the state energy priorities in a way which balances economic and environmental aims. In particular, we support the aims of Option 3 to:

- promote the long-term interests of consumers regarding the price, quality, safety and reliability of electricity and gas services; and

- promote efficient, economic and environmentally sound energy supply and use.

Q1.3 Thinking of your preferred option, would you like to suggest any improvements?

Energy Queensland’s support for the above option is subject to its review of the draft legislation to ensure that the draft provisions align with the stated intent of the proposed changes.
2.2 Energy efficiency and demand management

2.2.1 Options

The options being considered by DNRME with respect to energy efficiency and demand management are as per the following table.

<table>
<thead>
<tr>
<th>Option</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Option 1</td>
<td>Existing regulatory obligations at a state level would remain</td>
</tr>
<tr>
<td>Status Quo</td>
<td>State obligations relating to energy efficiency and demand management would be removed:</td>
</tr>
<tr>
<td>Option 2</td>
<td>Registration and labelling of energy efficient equipment and products</td>
</tr>
<tr>
<td>Remove regulation</td>
<td>Distributor obligations to report on demand management activities</td>
</tr>
<tr>
<td></td>
<td>Distributor obligations to consider both demand side and supply options for the efficient supply of energy.</td>
</tr>
<tr>
<td>Option 3</td>
<td>State registration and labelling of energy efficient equipment and products would be removed</td>
</tr>
<tr>
<td>Remove duplication</td>
<td>The following distributor obligations would be retained only for areas not regulated under applied national laws:</td>
</tr>
<tr>
<td></td>
<td>to report on demand management activities</td>
</tr>
<tr>
<td></td>
<td>to consider both demand side and supply side options for the efficient supply of energy.</td>
</tr>
</tbody>
</table>

2.2.2 Stakeholder Questions

Q2.1 Of the options considered for this Topic, which one do you prefer?

- Option 1
- Option 2
- Option 3
- I do not like any of these options
- Blank (I have no interest in this topic)

Of the three options proposed, Energy Queensland’s preference is Option 2, the removal of state obligations relating to energy efficiency and demand management.
Q2.2 Why

As highlighted in section 2.2 of the Options Paper, state energy efficiency legislation became redundant with the implementation of the Commonwealth’s *Greenhouse Energy Minimum Standards Act 2012*, which replaced the previous national scheme enabled by state-based regulation. Energy Queensland therefore agrees with the Queensland Government’s assessment that the obligations relating to registration and labelling of energy efficient equipment and products no longer serve a purpose and should be removed from the Electricity Act.

State obligations relating to demand management for the regulated networks are also largely duplicated in national legislation, including distributor obligations to consider both demand side and supply side options for the efficient supply of energy. Both Ergon Energy and Energex currently report on demand management activities in:

- Distribution Regulatory Investment Tests which is a national obligation to explore demand side options for capital expenditure exceeding $6 million;
- Demand Management Incentive Scheme which is a national incentive for distribution businesses to explore non-network options;
Ergon Energy and Energex have a demonstrated commitment to demand management, and are market leaders in projects and initiatives such as PeakSmart and the incentive maps. Removal of the State demand management obligations would in our view, result in simplified arrangements and cost savings for the two businesses in the regulated network.

While Energy Queensland understands the Queensland Government’s concern that demand management should be a key consideration for Ergon Energy’s isolated networks, we do not consider it is necessary to retain state demand management regulations specifically for those communities for the following reasons:

- As part of standard business practice, Ergon Energy actively considers both the demand side and the supply side in any decision-making regarding the isolated networks to ensure the most cost-effective and efficient outcomes for customers, the community and the network. For example, Ergon Energy is building on the success of the Lockhart River Project and the Decarbonising Remote Communities Program to progressively install DER coordination capabilities across the more isolated communities. This coordination capability will increase the opportunity for customer (demand side) installation of increasing levels of DER, supporting a reduction in operational costs and moving towards a customer and community-centric decarbonisation of those communities.

- The isolated networks are very rarely, if ever, demand constrained, meaning that retaining legislation that focusses on demand reduction would be of limited value and unnecessarily increase reporting burdens and costs. Further, given the isolated networks have sufficient generation capacity to meet customers’ demand, the risk that higher Community Service Obligation (CSO) costs will result from not regulating demand management activities for isolated communities is also very low. Therefore, while Energy Queensland is supportive of the use of demand management (and the derived benefits in the form of emissions and diesel reduction), we are of the view that retaining legislated demand management planning and reporting obligations for isolated networks only would impose unnecessary compliance costs on Ergon Energy for no practical benefit.

As highlighted in our response to the Queensland Government’s issues paper, Energy Queensland instead considers that customers in isolated networks would derive significant benefit from an increased focus on energy efficiency initiatives, such as:

- Installation of heat pump water heaters when existing electric hot water systems fail;
- Energy efficiency standards in building codes for new buildings in isolated locations; and
- Minimum energy efficiency standards for appliances installed in isolated networks, such as air-conditioning and lighting.
These energy efficiency initiatives would not only assist in reducing operating costs but also result in lower greenhouse gas emissions. Considering the large percentage of state and Federal government-owned housing and buildings in the isolated networks, it may be possible that a transition to energy efficient appliances could be managed through direct government action rather than through imposing obligations on individual customers in isolated communities.

Q2.3 Thinking of your preferred option, would you like to suggest any improvements?
As noted above, Energy Queensland recommends that the Queensland Government investigate opportunities to implement energy efficiency initiatives in isolated communities.
2.3 Interaction with applied national laws

2.3.1 Options

The options being considered by DNRME with respect to interaction with applied national laws are as per the following table.

<table>
<thead>
<tr>
<th>Option</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Option 1</td>
<td>The legislation would remain as it is presently.</td>
</tr>
<tr>
<td>Status Quo</td>
<td>To support the DER Register, legislative obligations could be supported by an information and awareness targeting electrical installers and the sellers of energy storage systems.</td>
</tr>
<tr>
<td>Option 2</td>
<td>The legislation would remain as it is presently in relation to definitions.</td>
</tr>
<tr>
<td>Amend current legislation</td>
<td>Information gathering powers would be provided to the Queensland Competition Authority to support its review functions, but only applied to licences or exempt entities under state legislation, generators and retailers.</td>
</tr>
<tr>
<td></td>
<td>In relation to the DER Register, a direct obligation would be placed on electrical installers to provide information non installed distributed generation to the relevant network.</td>
</tr>
<tr>
<td>Option 3</td>
<td>Information gathering powers would be provided to the Queensland Competition Authority to support its review functions, and applied to any person with relevant information, including registered entities under the applied national laws and licensed or exempt entities under state legislation.</td>
</tr>
<tr>
<td>Alignment with other jurisdictions</td>
<td>For the DER Register, a direct obligation would be placed on electrical installers to provide a certificate of testing and safety and / or certificate of testing and compliance (as applicable) when connecting any device to relevant network.</td>
</tr>
<tr>
<td></td>
<td>Key definitions in state legislation would be adjusted for better alignment with applied national energy laws and safety legislation.</td>
</tr>
</tbody>
</table>
2.3.2 Stakeholder Questions

Q2.1 Of the options considered for this Topic, which one do you prefer?
- Option 1
- Option 2
- Option 3
- I do not like any of these options
- Blank (I have no interest in this topic)

Energy Queensland supports DNRME's preferred option of:
- Option 1:
  - No legislative change to the DER Register; and
- Option 3:
  - Information gathering powers would be provided to the QCA to support its review functions, and applied to any person with relevant information, including registered entities under the applied national laws and licensed or exempt entities under state legislation;
  - Key definitions in state legislation would be adjusted for better alignment with applied national energy laws and safety legislation.

Q2.2 Why

DER Register

Energy Queensland is supportive of working with the Queensland Government, electrical installers and the sellers of energy storage systems to promote awareness of, and compliance with the rules applying to customers in relation to network connection applications. This will be critical in ensuring the success of the DER Register.

Information gathering powers provided to the QCA

Energy Queensland supports the QCA being provided with information gathering powers as this would support its existing review functions for conducting reviews into Queensland electricity market matters (as directed by the Minister).

Key Definitions

Energy Queensland is broadly supportive of the Electricity Act definitions being amended to align with the applied national energy laws. It is understood that definitions related to electricity distribution would be amended to focus on the conveyance of electricity to customers rather than the supply of electricity to customers.
Energy Queensland will need to be provided the opportunity to review the proposed amended definitions so it can determine whether the amendments will impact on its customers and shareholder, its operations and whether the amendments would result in any unintended consequences. After undertaking such a review, Energy Queensland will be able to provide further feedback on the adequacies of any proposed amended definitions under the Electricity Act.

**Q2.3 Thinking of your preferred option, would you like to suggest any improvements?**

Energy Queensland’s support for the above amendments is subject to its review of the draft legislation to ensure that the draft provisions align with the stated intent of the proposed changes.
2.4 Licensing

2.4.1 Options

The options being considered by DNRME with respect to licensing are as per the following table.

<table>
<thead>
<tr>
<th>Option</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Option 1</strong></td>
<td>The existing authorisation process would be retained, with minor process improvements and introduction of cost reflective application fees.</td>
</tr>
<tr>
<td><strong>Option 2</strong></td>
<td>The scope of state authorisations and exemptions would be adjusted to:</td>
</tr>
<tr>
<td></td>
<td>- Incorporate the activity of exporting electricity, rather than connecting generating plant to a network</td>
</tr>
<tr>
<td></td>
<td>- Clarify the framework applies to the commercial operation of a stand-alone power system (i.e. by a third party, not self-supply)</td>
</tr>
<tr>
<td></td>
<td>- Align with the applied national laws registration and exemption system.</td>
</tr>
<tr>
<td></td>
<td>Duplication between assessment criterion under applied national laws and in the state framework would be removed. The full suite of criteria would continue to apply to off-grid systems. Cost reflective fees would also be applied.</td>
</tr>
<tr>
<td><strong>Option 3</strong></td>
<td>The existing authorisation system would be removed.</td>
</tr>
</tbody>
</table>

2.4.2 Stakeholder Questions

Q4.1.1 For generation, of the options considered for this Topic, which one do you prefer?

- Option 1
- Option 2
- Option 3
- I do not like any of these options
- Blank (I have no interest in this topic)

Energy Queensland prefers Option 1.
Q4.1.2 Why

Energy Queensland generally supports initiatives which reduce regulatory duplication. As such, Options 2 and 3 have merit. Energy Queensland’s contestable services business, Yurika, has been exploring the registration and state licence obligations for projects in several of the jurisdictions operating in the National Electricity Market (NEM). From this it has formed the view that Queensland has the most licensing obligations of any NEM jurisdiction. As outlined in Energy Queensland’s submission dated 19 June 2018 in response to DNRME’s Issues Paper, Yurika has been thinking outside the traditional linear paradigm to deliver new and innovative solutions to customer challenges, but is being hampered in delivering new service models by Queensland’s existing licensing framework. As such, it has been compelled to consider the Special Approval licence type in order to obtain the flexibility it requires to deliver different service models. However, the Special Approval licence type also has challenges in that the holder is not an electricity entity unless expressly made so by regulation. For Yurika, removal of the licensing framework as proposed under Option 3 has merit.

However, the licensing framework for generation has both benefits and repercussions for the Distribution Network Service Providers (DNSPs). Energy Queensland acknowledges that the Regulator may only issue a generation authority to an applicant when confident “the generating plant will be able to provide electricity of a quality suitable for the transmission grid or supply network stated in the application”. As such, the DNSPs are increasingly called upon to provide advice to the Regulator on the suitability of a generator to connect to the distribution network, prior to the Regulator issuing a generation authority. This is in addition to the technical connection obligations imposed on the generator and the DNSPs under Chapter 5 and 5A of the National Electricity Rules (NER), resulting in regulatory duplication between the national and jurisdictional requirements.

However, we also recognise that the licensing framework for generation addresses certain risks to the secure and reliable operation of the networks. With the rapidly evolving nature of the distribution networks and the need to accommodate new technologies, devices, supply configurations and generation types, generation entities (and others) are seeking connection to the networks without fully understanding the impacts of their operating works. Further, the saturation levels of certain generators and emerging technologies can, when installed in concentration, contribute to network fault levels.

Over the years both Ergon Energy and Energex have identified new devices which do not meet Australian Standards (or our own operating standards) and must be disconnected in order to safeguard the secure operation of the distribution networks. We are also aware that customers continue to install storage units and upgrade PV inverters without seeking to modify existing connection agreements. Where these systems are of a size which impact network operations, the licensing framework provides another avenue for scrutiny and network security to ensure what is connecting to the networks is appropriate to do so.
We also acknowledge DNRME’s comments that registration of particularly generation entities by the Australian Energy Market Operator (AEMO) does not take into consideration the financial capacity of the owner of the operating works, or the environmental impacts of the operating works. However, rather than the piecemeal approach to licensing as proposed in Option 2, we see merit in a jurisdictional licensing framework which continues to review technical capacity (with the ability to set technical operating parameters in addition to those imposed by AEMO, on a case-by-case basis), financial capacity and environmental conditions. As such, Option 1 of the RIS also has merit.

However, we strongly reject the notion that it is the export of electricity to the network, and not the connection of a generator (including a non-exporting generator), that is the trigger for a generation connection. All generators, regardless of type or export capacity, are interconnected to the network and operate in parallel to a network, and as such, have the real potential to interfere with the power quality and safety of electricity on that network. Both DNSPs must have the right to consent to the connection of these generators, providing the necessary sight of embedded generators (including storage) and an understanding of their operating profiles, regardless of their export capacity. This right is recognised by requirements of the DER register and the connection frameworks defined in the NER and must be mirrored in state energy legislation.

Q4.1.3 For generation, thinking of your preferred options, would you like to suggest any improvements?

Given the risks of some generation types (including behind-the-meter non-export generation) to the safe and secure operation of the distribution networks, we suggest visibility of generators and new technologies remains more important than reducing regulatory duplication. In our view, the best way to achieve this visibility and to effect risk mitigation measures is the continuation of the jurisdictional licensing framework with allowances for new and emerging technologies to be addressed via special approval.

Energy Queensland also seeks additional clarity on the jurisdictional licensing framework DNRME is proposing for Stand-alone Power Systems (SAPS) categories 2 and 3. In our view it would be the opportune time to incorporate such a framework into the Electricity Act and we look forward to working with DNRME as to how this framework could look.

Q4.2.1 For network businesses, of the options considered for this Topic, which one do you prefer?

- Option 1
- Option 2
- Option 3
- I do not like any of these options
- Blank (I have no interest in this topic)

Energy Queensland prefers Option 1 to ensure its powers and rights as an electricity entity are expressly clear and reflected in the Electricity Act.
Q4.2.2 Why?

Both the Ergon Energy and Energex Distribution Authorities contain detailed technical obligations with respect to security and reliability of the electricity supply. While it is these conditions and not the instrument itself which are important to the DNSPs, in our view the process to amend a distribution authority allows for a faster, targeted and more flexible response to emerging technologies and risks.

Q4.2.3 For network businesses, thinking of your preferred option, would you like to suggest any improvements?

As per our response to Q4.1.2 above, we strongly reject the notion that it is the export of electricity to the network, and not the connection of a generator (including a non-exporting generator), that is the trigger for a generation connection, given the ability of the parallel generator to interfere with the relevant frequencies of electricity on that network.

We also seek the opportunity to work with DNRME with respect to the obligations the SAPS framework may impose on DNSPs.

Q4.3 FEEDBACK WANTED on electric vehicle charging stations and licensing.

Stakeholder feedback is sought on the benefits, disadvantages and risks of licensing electric vehicle charging stations under the Electricity Act, or via the exemptions framework.

- I would like to provide feedback

Energy Queensland is of the view that EV charging stations are not electricity industry participants as they are not providing saleable electricity to a customer at premises, nor do they trigger the definition of a supply network. Rather they are providing a service to the transport industry and as such, and in our view, should fall outside the licensing framework.

A customer is a person—
(a) to whom energy is sold for premises by a retailer; or
(b) who proposes to purchase energy for premises from a retailer.

3 premises includes—
(a) a building or other structure; and
(b) a part of a building or other structure; and
(c) land where a building or other structure is situated.
2 premises, of a customer, means premises owned or occupied by the customer.

A supply network is a system, or part of a system, of electric lines, substations and associated equipment, other than a transmission grid, for distributing electricity to customers, whether or not generating plant is connected to it.
To date, Yurika’s Queensland Electric Super Highway has provided an in-demand service to the owners of EV, without issue or complaint. We are therefore concerned that any intent to now regulate this emerging market (and as a result, introduce new regulatory compliance reporting and costs) has the ability to hamper the expansion of new service delivery options and locations.
2.5 Powers of entry and resumption

2.5.1 Options

The options being considered by DNRME with respect to powers of entry and resumption are as per the following table.

<table>
<thead>
<tr>
<th>Option</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Option 1</td>
<td>Existing arrangements including the ability to give access rights</td>
</tr>
<tr>
<td>Status Quo</td>
<td>to ‘special approval holders’ via regulation retained</td>
</tr>
<tr>
<td></td>
<td>Road safety issues managed via agreements</td>
</tr>
<tr>
<td>Option 2</td>
<td>Direct rights conferred on exempt networks – limited to essential</td>
</tr>
<tr>
<td>Partial adjustment</td>
<td>matters in public interest.</td>
</tr>
<tr>
<td></td>
<td>Rights of generators reduced</td>
</tr>
<tr>
<td></td>
<td>Road safety rules strengthened</td>
</tr>
<tr>
<td>Option 3</td>
<td>Traditional and non-traditional networks given equivalent rights</td>
</tr>
<tr>
<td>Full adjustment</td>
<td>Generator rights removed</td>
</tr>
<tr>
<td></td>
<td>Networks subject to high level obligation to consider road safety matters</td>
</tr>
</tbody>
</table>

2.5.2 Stakeholder Questions

Q.5.1 Of the options considered for this Topic, which one do you prefer?
- Option 1
- Option 2
- Option 3
- I do not like any of these options
- Blank (I have no interest in this topic)

Energy Queensland supports the retention of existing powers as proposed, together with the specific expansion of powers in relation to remediation of land, meter access and neighbouring property, as specified below.

Q 5.2 Why

Remediation of land

Energy Queensland’s submission to DNRME’s Issues Paper made comment about generator retirement, which do not appear to be considered in the Options Paper. Accordingly, the risks raised by Energy Queensland with respect to site remediation and stranded assets remain.
While we acknowledge that the Australian Energy Market Commission (AEMC) has progressed a rule to require large generators to provide three years’ notice of their intention to close unless granted an exemption by the Australian Energy Regulator, we recommend that the Queensland Government in drafting its legislative framework consider:

- the need for all generators operating in Queensland to make available or publish an expected closure date;
- the need for site remediation following the retirement of a generator, including an obligation to remove connection assets; and
- a framework to mitigate the risk of network stranded assets should a generator (including a non-scheduled or non-market generator) retire ahead of expected closure dates.

**Land compensation**

As per Energy Queensland’s submission to DNRME’S 2018 Issues paper, it is our view that the policy and principles underpinning the compulsory acquisition of land remain sound. We remain of the view that resumption of land keeps project costs (and ultimately prices) down, delivers on the network obligation to connect customers, provides no competitive advantage to the network businesses, and is consistent with the powers provided to other infrastructure providers such as local councils and TMR.

**Metering**

Energy Queensland supports DNMRE’s proposal in relation to meter access.

**Land Access Code**

Both Ergon Energy and Energex have Land Access Protocols published on their respective websites and it is unclear to Energy Queensland why DNRME is now seeking to codify these Land Access Protocols.

With respect to content, page 98 of RIS 2.5 suggests that for a Land Access Code, the “QCA would be able to make a standard setting out overarching principles in the event a code does not exist, or is otherwise deficient”. However, page 107 of this RIS also suggests that the QCA would be able to “specify how powers conferred in the legislation are exercised”. This in our view suggests that the QCA’s role is more than just setting the overarching principles and we are concerned that changes to our current Land Access Protocol could have unintended consequences with respect to timeframes and costs. Consequently, Energy Queensland’s position is that a codified Land Access policy is unnecessary.

Energy Queensland staff undertake land access on a daily basis. We conservatively estimate that we perform more than 1 million instances of land access every calendar year. We also suggest that complaints about land access are rare. In 2019, less than 300 land access complaints were received against Ergon Energy or Energex, representing 0.03 per cent of our total land entries.
Ergon Energy and Energex also have a complaints handling process consistent with Australian Standard AS/NZS 10002:2014 (Guidelines for complaint management in organizations), as required under the National Electricity Retail Law (NERL).

Given the low number of land access complaints and the existing complaint management processes, the introduction of new land access principles and/or requirements has the potential to conflict with specific arrangements made with land owners, for example in an easement for which compensation has likely been paid.

A land owner is also afforded specific protections relevant to land access under the Electricity Act, some of which include:

- Sections 98(2), 136, 137, 139, 140, 140A and 141, which permit access only at a reasonable time;
- Various sections within Part 4, which provide for notice or consent to particular activities;
- Section 140B, which requires that the entity be satisfied about certain matters on reasonable grounds before it enters a place for urgent remedial work;
- Section 141A, which require an electricity officer to take all reasonable steps to cause as little inconvenience and cause as little damage, as is practicable;
- Section 142 which requires notice of damage caused in the exercise of a power;
- Section 143, which provides a right of compensation due to the exercise of a power by an electricity entity.

It is therefore difficult to envisage specific requirements for the exercise of power that would go above and beyond those already set in legislation.

Energy Queensland also questions whether the QCA is the most appropriate body to approve and govern such a Code, given it is not equipped or resourced to deal with the types of issues that may arise in relation to land access, such as biosecurity requirements.

In the event that the DNRME progresses Option 2, Energy Queensland recommends that the framework for the QCA’s powers be made expressly clear in the legislation.

**Power industry locks**

Energy Queensland has no objection to the proposed Option 2, provided it is adequately consulted about amendments to the Coordination Agreement administered by the QCA.

**Neighbouring properties**

Energy Queensland supports Option 2 as far as it relates to rights of access through neighbouring properties.
DNRME proposes restrictions on the rights of access being for emergency situations and where no other reasonably feasible access arrangements exist. Energy Queensland considers those restrictions present a fair outcome for land owners, while ensuring critical infrastructure can still be accessed in an efficient manner.

DNRME also notes that compensation would be required and that the ability to use the rights would arise only where passing through is physically possible without additional works. Energy Queensland is concerned that the latter requirement may provide a land owner with the ability to create a physical barrier to access. In addition, section 143 of the Electricity Act 1994 already provides a compensation right to owners affected by the exercise of particular powers. This section could therefore be applied to the proposed access rights and in our view, would provide a land owner with adequate remedy for any actions (including works) undertaken under these proposed powers.

Works on roads

Energy Queensland considers that option 1 is appropriate as far as it relates to works on roads. However, RIS 2.5 presents three options for works in roads in order to address TMR’s concerns. DNRME has indicated a preference for Option 2 which proposes the following legislative amendments:

- Expanding consultation obligations for electricity entities when replacing works (including power poles) on roads, to require electricity entities to identify mutually beneficial arrangements for the replacement. This would also require having regard to road safety.
- Requiring electricity entities to compensate road authorities for costs associated with rescheduling works (other than for force majeure events) when an electricity entity fails to meet agreed timeframes.
- Requiring an electricity entity to comply with a timeframe (e.g. 20 business days) to notify TMR following emergency works on roads.
- Electricity entities and TMR entering into a Memoranda of Understanding (MOU) which outlines an agreed approach for road safety to be incorporated into the relevant decision making.

Energy Queensland and TMR have been working cooperatively for some time to agree the process for electricity works in roads. As a result of those discussions, Energy Queensland understands that TMR agrees that the following matters can be addressed by a MOU: consultation obligations, timeframes for notice after emergency works, and compensation. These are matters that are the subject of discussion in a new MOU with the TMR, which is close to finalised.

Energy Queensland understands that TMR prefers that the electricity legislation include a specific obligation to consider road safety when installing electricity assets in a road corridor. While we are of course concerned with the safety of road users, we do not believe such a specific obligation is necessary as this obligation already exists within the Work Health and Safety Act 2011. In particular, section 19 of this Act imposes obligations on a person conducting a business or undertaking to (broadly) ensure so far
as practicable the health and safety of workers or other persons. This includes, where relevant, road safety considerations that result from the work.

In addition, the agreed MOU can be made legally binding should the parties agree, and Energy Queensland is prepared to enter into legally binding MOU on appropriate terms. Energy Queensland does consider memoranda of understanding to be useful to outline how legislative obligations (including road safety) may be met.

Energy Queensland acknowledges that DNRME does not propose to progress Option 3. Option 3 would impose significant costs on Energy Queensland and would likely result in significant delays to works, including impairing the ability to undertake works in the time necessary to address safety and reliability concerns. Should this option be progressed, significant further consultation will be essential.

Q5.3 Thinking of your preferred option, would you like to suggest any improvements?

Mine access

In Energy Queensland’s submission to DNRME’s 2018 Issues Paper, and in subsequent correspondence with DNRME, we expressed a desire to better align access regimes between the electricity legislation and mining legislation. Unfortunately, the Options Paper does not address this issue. It is our view that a more aligned access regime remains necessary to provide for more effective and cost efficient access.

Feedback wanted: Electric vehicles and powers of entry

A number of powers of entry extend to electrical installations owned by a customer. For example, the power of entry to make works or an electrical installation safe. However, electric vehicles are unlikely to be considered as electrical installations under the Electricity Act:

- vehicles are unlikely to be considered ‘electrical equipment’ under current definitions,
- the connection is not a permanent connection, and
- the vehicle itself may not belong to the relevant customer where it is connected.

By contrast, the charging unit for an electric vehicle would fall within relevant definitions.

As noted in the context section, powers of entry and resumption are primarily about supporting the sector to manage its own infrastructure—to build it, operate and maintain it safety and reliability to provide supply to customers. Powers of entry to deal with customer electrical installations (within the Electricity Act as opposed to the Electrical Safety Act) must be considered in this context. Unsafe or hazardous installations can impact network services, as well as creating significant safety risks for customers and electrical workers.

Whether or not electric vehicles themselves are considered electrical installations is not expected to make a significant difference to the effectiveness of powers of entry in
the case of a faulty vehicle. If, for example, the fault is impacting on the permanent electrical installation within the premises including the charger, the powers of entry would enable work to make the installation safe. If the fault is not impacting the electrical installation (including charger) in any way, there is unlikely to be a reason for network operators to be involved.

Stakeholder feedback is sought on the benefits, disadvantages and risks of classifying electric vehicles connected at premises as part of an electrical installation for powers of entry.

Energy Queensland’s response to this question is dependent on the EV type, that is:

- Where the EV charger is uni-directional (that is, it is a load), then the EV would be considered an appliance in the context of powers of entry and should be treated in the same manner as any other customer appliance – that is, it is not part of an electrical installation and powers of entry do not attach, noting that electrical load assessment may be required over a certain size.

- Where the EV charger is bi-directional (that is, it is a load and a generator in that it can feed back into the grid), then the EV and its charger combined are considered a generator and powers of entry should attach to the inverter. We also take this opportunity to make clear that EV chargers with a rated current greater than specified in the Queensland Electricity Connection Manual (QECM) are required to be connected under the terms and conditions of a connection agreement with a Distribution Network Service Provider (DNSP), given their capacity to interfere with the network.
2.6 Technical requirements

The options being considered by DNRME with respect to technical requirements are as per the following table.

<table>
<thead>
<tr>
<th>Option</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Option 1</td>
<td>Existing arrangements would be retained</td>
</tr>
<tr>
<td>Status Quo</td>
<td></td>
</tr>
<tr>
<td>Option 2</td>
<td>Existing regulation would be updated to address individual issues raised by stakeholders</td>
</tr>
<tr>
<td>Partial adjustment</td>
<td></td>
</tr>
<tr>
<td>Option 3</td>
<td>Industry standards currently in legislation, regulation, the Distribution Network Code and licence conditions would be moved to a standards and codes framework administered by the Queensland Competition Authority and supported by an appropriate technical panel.</td>
</tr>
<tr>
<td>Full adjustment</td>
<td></td>
</tr>
</tbody>
</table>

2.6.1 Stakeholder Questions

Q.6.1 Of the options considered for this Topic, which one do you prefer?

- Option 1
- Option 2
- Option 3
- The recommended hybrid option
- I do not like any of these options
- Blank (I have no interest in this topic)

Energy Queensland’s preference for managing and updating state-based technical requirements is option 2, adjusting legislation in response to identified concerns.

Q 6.2 Why

Energy Queensland considers that adjusting legislation in response to the identified concerns outlined in the Options Paper would be the most cost-effective and efficient solution to bringing current state-specific technical requirements up-to-date with developments in the sector. In our view, this approach would strike an appropriate balance between facilitating emerging technologies while protecting customers and the safety and security of Queensland’s distribution networks. We also support considering any future amendments to legislation, regulation or licence conditions on a case-by-case basis as required (in line with option 1).

Energy Queensland considers the advantages of option 2 are that it would:

- be a measured response to known issues with current technical provisions and the most cost-effective option to implement;
avoid the risk of over-regulating technical requirements through prescriptive standards and codes which may potentially inhibit development of new technologies and/or result in unintended consequences or uneconomic outcomes for the distribution networks (and higher network costs for customers);

- maintain confidence in and certainty of mandated technical requirements for customers and industry participants, while allowing for fit-for-purpose business models and technologies to emerge;

- ensure the safety of Energy Queensland’s employees, customers and the community as well as the security of critical electricity infrastructure and electricity supply by retaining offence provisions in legislation and greater certainty with respect to enforcement mechanisms;

- ensure that any necessary changes to technical requirements are well-considered and provided with adequate time to allow the market to adapt; and

- align with the preferred approach for gas.

To assist in determining how the current issues outlined in the Options Paper should be managed under option 2, Energy Queensland has provided the following recommendations for consideration with respect to two key network issues:

- **Restrictions on electric motor sizes in isolated networks** – Energy Queensland recommends that motor size restrictions in isolated networks should be determined by Ergon Energy on a case-by-case basis given this is primarily a network operational issue.

  The requirement for motor size restrictions stems from the impact of motor start-up on the power quality of other network users. As power in the isolated networks is currently supplied by diesel generator power stations and may in the future be powered by a diverse range of inverters and renewable energy systems, appropriate motor size limits are necessary to ensure that start-up does not impact local power supply and result in power quality deviating outside the standards or, in the worst case, power outages to the community. For example, in one specific instance, the connection of a new commercial premises that did not adhere to motor size limits resulted in the power station tripping and multiple, widespread outages. To resolve this issue, changes to the customer’s equipment were required. However, if an appropriate motor size limit was not imposed, there would have been a requirement for Ergon Energy to upgrade at least two engines of the power station to enable the connection, resulting in connection delays and significant costs to Ergon Energy. Issues such as these will require careful management as the isolated networks transition to a different generation and energy mix that involve more electronic generation from inverters and less rotating machines.

  In isolated networks, which are a form of microgrid, the system is optimally balanced between load and supply. If provision was made to allow unconstrained connection of large motors and DER, or if restrictions were significantly relaxed, there would be an impact on the stability and operation of the isolated network leading to network upgrades and higher costs of supply (which would flow through to all network users). Likewise, for Single Wire Earth Return (SW ER) systems in particularly weak parts of the network, a motor start-
up can cause voltage power quality issues for other network users, resulting in augmentation and additional costs for Queensland’s electricity customers.

Energy Queensland is committed to enabling our customers to achieve their desired outcomes, while considering the wider network impacts and continues to explore new ways of managing our isolated networks to enable integration of more DER. However, in order to maintain power quality for all network users, we recommend that motor size restrictions should be determined on a case-by-case basis by Ergon Energy using site-specific analysis.

- **Requirement for customers to seek their distributor’s permission to install storage (or solar) not configured to export** - Energy Queensland does not agree with the assertion that there should be no requirement for customers to seek permission to connect systems that are not configured to export on the basis that these devices do not have an impact on network operations and that the process is unnecessarily costly and time consuming for both the distributors and customers.

  Rather, Energy Queensland considers that it is vital that the distributors are aware of all generation equipment connected to the networks, even where the system is configured not to export. The presence of generation can impact on power flows, network stability, power quality and fault levels, as well as the potential to have an aggregated impact on system security at both a state and interstate level. Other considerations in support of the requirement for the distributors to be provided with this information are as follows:

  - Under the requirements relating to the DER register (rule 3.7E(d) of the NER), all generating systems under 30 megawatts (MW) that are not registered systems must be included in the DER register (noting, there is no minimum size). As the energy transformation continues, having greater visibility of the power system, not less, will be critical to ensuring continued reliability and quality of supply for all network users.

  - Inverters with batteries connected to the distribution network at a customer’s premises do have an impact on the network whether or not they export directly into the network. Requiring customers to apply for these connections will ensure standards compliance, coverage under contracts, the ability to undertake assessment (if required) and will ultimately enable the distributors to ensure that their networks are operated in a safe and secure manner.

  - When set to zero export under the distributors’ connection standards, and in line with the Australian Standards, inverters are able to export to the grid the full rating of the inverter for up to 15 seconds and five per cent of their rating all of the time. This would mean that if a number of houses on a low voltage network had a 5 kilovolt ampere (kVA) inverter in addition to the 10 kVA they are currently permitted on single phase with 5 kVA export, there would be a risk that they could all export at the same time (up to 15 kVA per premises), resulting in overloading the rating of the distribution transformer or a number of batteries all installed on a single phase of a feeder (A-phase or B-phase versus C-phase). If
the inverters are not visible to the network but could be generating and exporting at the same time through an aggregator, they could cause phase imbalance on the transformer. This situation would de-rate the transformer significantly, causing voltage rise on the network and trip off many of the inverters on the network, particularly older inverters with less advanced network settings or those located in more constrained areas of the network. As Energex and Ergon Energy would not have visibility of the batteries, and therefore ability to balance the phases, they would have no way to resolve this issue other than through network upgrades.

− It is important to note that the After Diversity Maximum Demand (ADMD) design for load for a residential customer varies based on legacy region designs and customer types from 3 kVA – 6.5 kVA. The daytime average load for residential customers is significantly lower than the ADMD at the time that solar PV is exporting into residences and onto networks. As AC batteries can generate and supply customers' premises at the same time as solar PV, they present an aggregate risk from a planning and network design perspective. It is therefore important for networks to approve these applications and for them to be compliant with distribution network standards, regardless of whether they export generation to the premise or network. Unconstrained connection of inverters without network approval could lead to challenges with network security and quality of supply which would ultimately result in an increase in the cost of supply to all customers.

It should be noted that the distribution networks are working with industry and regulators to develop dynamic export capability in order to enable dynamic contracts and standards in the future that will allow residential customers on single phase to connect inverter systems with aggregate inverter capacities greater than 10 kVA and allow for dynamic export limits.

In light of the above, Energy Queensland considers that there is a compelling need for customers to seek their distributor’s permission to install storage and solar not configured to export to ensure the safe and secure operation of the network.

With respect to the other known issues discussed in section 2.6 of the Options Paper under the categories of standards of technical performance and industry behaviour, offences, powers conferred on industry and restrictions placed on end users, Energy Queensland considers that these issues should also be assessed on a case-by-case basis and updated or removed as appropriate.

Energy Queensland acknowledges that there is a requirement for standards compliance when EVs are grid-connected. In particular, there are technical standards requirements to consider for EVs with respect to connecting as a load, current limits for charger-only functions and device standards to ensure power quality. There are also technical standards requirements where the EV is connected via an inverter charger that can generate electricity to either the premise or export to the grid. In this case, the inverter needs to comply with AS/NZS4777.2 and embedded generating system connection
standards. Energy Queensland also has reporting obligations as EVs are classified as DER. The current framework allows Energy Queensland to develop appropriate connection standards, in consultation with other NSPs, national standards bodies and industry stakeholders. The proposal to implement a standards and codes framework administered by the QCA will inhibit the ability to negotiate at the national level, and may introduce additional delays and inconsistency with the wider national framework.

Notwithstanding Energy Queensland’s previous support for technical codes or guidelines on the basis that they may allow more timely amendments to technical requirements, we do not support the Queensland Government’s preferred option of a new standards and codes framework administered by the QCA and supported by a technical panel. Based on the limited information provided in the Options Paper, it is unclear how this option would work effectively in practice. Energy Queensland is also concerned that there may be risks in adopting this alternative approach, including that it could:

- create a more complex arrangement than is necessary, bearing in mind that the majority of technical requirements are contained within applied national laws, Australian Standards and other jurisdictional legislation;
- lead to greater challenges in maintaining an appropriate balance between prescriptive technical requirements and flexibility to accommodate new technologies and innovation;
- create issues with modifying a standard or code once it has gained widespread acceptance and application;
- result in an additional administrative burden for the QCA in ensuring standards and codes remain up-to-date and fit-for-purpose;
- result in a compliance issue for the QCA with respect to the Professional Engineers Act 2002 if it takes on the obligations for development of and responsibility for standards relating to Queensland’s network protection, safety and security;
- lead to increased costs for industry participants due to the need to fund technical consultants to support the economic regulator’s role in administering a technical standards and codes framework;
- reduce visibility of compliance and enforcement mechanisms;
- lead to a situation whereby Queensland becomes out-of-step with national standards and rules, creating a long-term issue which may place an additional cost burden on customers and participants;
- potentially result in unintended or uneconomic consequences for the distribution networks (and add unnecessary costs to network operations) as a result of inefficient decisions that are not in the best interests of the networks;
- lead to greater delays in changing technical requirements, due to difficulties in reaching agreement when developing or changing standards;
- gaps in technical expertise and insight, leading to unforeseen knock-on effects and poor technical outcomes; and
reduce interstate alignment and collaboration between states with respect to adoption of nationally consistent technical standards.

In supporting option 2, Energy Queensland also considers that it is important that DNRME, as Regulator, should retain responsibility for setting and monitoring policy and legislation affecting Queensland’s electricity industry, particularly with respect to technical requirements that may impact the safety, security and reliability of the electricity networks. Similarly, Energy Queensland is of the view that the role of Queensland’s distribution entities, as the parties responsible for operating, maintaining and protecting the networks to ensure adequate, reliable and safe connection and supply of electricity to customers (and upon which the majority of technical standards are placed at a state level), should not be diminished. With the new technologies being integrated within our networks, Energy Queensland is very conscious of ensuring connections are safe and network security is maintained.

As such, Energy Queensland does not support the view that distribution entities may inhibit the development of new technologies and business models if the proposed standards and codes framework is not adopted. Queensland’s networks have, for some time, been actively responding to the impacts of current energy market trends. For example, our networks have already integrated the highest penetration of residential solar PV systems in Australia, with Queensland believed to have the highest residential solar PV penetration of any state in the world. As at the end of December 2019, Energex and Ergon Energy had:

- connected more than 580,000 small-scale residential and commercial PV systems (with a total capacity of approximately 2,600 MW); and
- connected 1,177 medium to large-scale DER (with a total capacity of approximately 643 MW), four committed projects in construction (with 205 MW of total capacity) and a further 91 projects in various stages of the application process (with a total of 3.95 gigawatts estimated capacity).

Our forward planning is also focussed on strategies to enable greater integration of new technologies, such as renewables, energy storage and microgrid technology solutions, and support positive outcomes for customers and the wider Queensland community. In this regard, Ergon Energy and Energex are trialling new technology solutions, testing new standards and actively working with our customers to enable cost-effective and efficient options. Examples include:

- enabling the trialling and testing of oversized customer-side PV and battery storage systems connected to a SWER - Ergon Energy is concerned about how the operation of these systems may impact all customers on the SWER under all circumstances (including during disaster events), as well as how to ensure the system does not inadvertently cause safety issues and how to appropriately allocate responsibility and operational risk if the system does not perform as intended;
- developing dynamic control options for renewable energy, such as those deployed in Lockhart River, to enable higher penetrations of renewable energy in isolated or weak networks; and
• exploring options for dynamic export management to enable higher penetrations of renewable energy systems on the main network through research initiatives such as the Queensland Integrated Power Platform and Evolve projects.

• The leading role played by the distributors in developing solutions to enable greater integration of new technologies is particularly important in our isolated communities where there are considerable challenges in integrating traditional technologies, such as diesel generation, with new technologies.

Q 6.3 Thinking of your preferred option, would you like to suggest any improvements?

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Energy Queensland considers it would be worthwhile making a legislative change to extinguish a distributor’s connection obligation to a retail customer where the proposed connection is not technically or economically practicable for the distribution entity.

Section 43 of the Electricity Act “Additional condition to allow connection to supply network by complying persons” provides as follows:

(1) It is also a condition of a distribution authority that the distribution entity must allow, as far as technically and economically practicable for the distribution entity, a person to connect supply to its supply network, or take electricity from its supply network, on fair and reasonable terms, if the conditions stated in subsection (2) are satisfied.

(2) The conditions to be satisfied are as follows—

(a) the person must be a generation entity, a transmission entity or a distribution entity;

(b) the supply network must be capable of being safely used to connect supply or take electricity as proposed by the person;

(c) the person must have complied with all provisions of the regulations relevant to connecting supply to, or taking electricity from, the network;

(d) the person must pay the reasonable cost of connection to the network.

(3) In deciding whether the condition mentioned in subsection (2)(b) is satisfied, all relevant matters must be considered, including, for example—

(a) the distribution entity’s current obligations and its expected future obligations; and

(b) the current obligations of other persons connected directly or indirectly to the network; and

(c) the network’s capacity.
As such, Ergon Energy and Energex have the ability to refuse a connection to a generation entity, transmission entity or distribution entity where it is not economically or technically feasible to progress the connection. While it would be extremely unlikely for Ergon Energy or Energex to refuse a connection, there may be an occasion in the future where a connection has the potential to interfere with the secure operation of the distribution network, or where it is cost prohibitive to do so. As such, the ability exists to safeguard the network and all consumers connected to that network.

However, this exclusion does not extend to include a retail customer connection – that is, section 43(2)(a) limits the exclusion to an electricity entity meaning that Energex and Ergon Energy are unable to reject a retail customer’s connection application where the costs to upgrade the network are prohibitively expensive (ultimately leading to higher costs for customers and the Government’s Community Service Obligation).

Typical circumstances in which uneconomic connections are likely to occur are on Ergon Energy’s SWER lines and in isolated networks.

Ergon Energy in particular has made a number of connections recently that have resulted in expensive capital works. Typical examples include:

- **Connection 1:** $2,129,018 – Connection of 3x160A single phase loads on the Central Queensland SWER. Shared network works included 30 kilometres of SWER rebuild / reconductor, two new SWER regulators and a new SWER recloser.
- **Connection 2:** $433,690 – Connection of 100A single phase load on the Western Queensland SWER. Shared network works included installation of a new 100A closed delta 22 kV kilovolt (kV) regulator with overhead earth wire (OHEW) and updating feeder and distribution regulator settings;
- **Connection 3:** $402,484 – Connection of 160A single phase load on a Central Queensland SWER. Shared network works included the upgrade of the SWER isolator from 200 kVA to two x 200 kVA, a new SWER regulator and three new low voltage regulators.
- **Connection 4:** $354,241 – Connection of additional 50A single phase load on a Central Queensland SWER. Shared network works included the installation of a new 50A closed delta 22 kV regulator with overhead earth wire, a new load break gas switch and updating of feeder and distribution regulator settings.
- **Connection 5:** $1,718,938.94 - Application for increase in demand close to the end of a SWER feeder, significant upstream augmentation on the shared network was required to facilitate additional supply to the customer’s modest demand.
- **Connection 6:** $786,691 - Application to be supplied from a rural feeder requiring a high voltage (HV) 11kV extension and significant upstream augmentation of the shared network to supply the customer’s demand.
Connection 7: $251,983.98 - Customer required supply from a rural feeder to a pump site and upstream augmentation was required on the shared network to facilitate supply to the pump.

While it should be noted that Ergon Energy is unable to take a capital contribution towards the costs of shared network augmentation from large customers in the current regulatory control period, in the next regulatory control period (2020-25) both Ergon Energy and Energex will be able to seek a capital contribution from large customers to facilitate connection services (which will effectively prevent uneconomic connections in the majority of instances).

However, in a small number of cases, and for the purpose of the cost-revenue-test under the DNSP Connection Policies, the capital contribution received from the customer will not always reflect the true cost of providing the connection service. In fact, this cost differential can be significant, and will be recovered through network prices charged to all customers. In other words, small customers have the potential to subsidise large customer connection costs.

Further to the above, an uneconomic connection can also occur as a capital contribution cannot be sought towards network augmentation (in both the current and next regulatory control periods) when micro-embedded generator connections drive future three-phase upgrades.

Example

A customer recently seeking to connect 20 kVA of solar inverter capacity required an upgrade from a single-phase connection. The customer was connected to a shared transformer for single-phase, but the shared connection could not support an upgrade to two- or three-phase and the 20 kVA solar connection. To upgrade to three-phase required a costly three kilometre extension of the three-phase HV network. In this case, as the customer is likely to reduce overall energy consumption based on installing large solar PV inverter systems, the expenditure on any necessary network upgrade must be recovered from all electricity customers, not the customer requesting the connection service.

With the continued reduction in technology costs and changes in national frameworks, (e.g. the SAPS framework), alternative supply options are now available to our customers. The DNSP's are therefore are of the view there should be greater onus placed on customers to explore options which deliver more practical, technical and economic energy supply solutions. This is especially relevant as shared network assets are generally a long-term asset (i.e. they have a life span of 40 plus years), whereas the costs of alternative technologies (renewables and energy storage) are rapidly falling. The DNSPs are therefore concerned that uneconomic network investments are at a high risk of asset stranding in the future (especially in circumstances where alternative competitive technologies are available to customers).

Ergon Energy and Energex remain committed to supporting our customers and providing timely and affordable network connections. However, given the new and evolving technologies which are now available to customers, the DNSPs consider that
the ability to reject a customer’s connection application where it is not technically or economically practicable would:

- encourage customers to make more efficient locational and investment decisions;
- minimise inefficient network investment and avoid expensive network upgrades that may be uneconomic; and
- result in lower average network prices and more efficient outcomes for customers in the long run.

This mechanism may also be an effective trigger for customers to consider an alternative electricity supply arrangement that is not physically connected to the national grid such as a SAPS solution, where it would be more economically efficient for a third party or an enabled DNSP to provide the solution.

The DNSPs suggest that DNRME consider amendments to Division 2 (Meter and control apparatus requirements for premises) of the *Electricity Regulation 2006* to correct inaccuracies in role assignments which present a risk to safety and potentially increased costs to customers. Following are details of the recommended amendments:

- **Amendments to section 41:** The DNSPs recommend that subsection (1) should be amended to make it clear that the requirement for meter isolation links for connecting meters is the DNSP’s requirement, not the Metering Coordinator’s (MC’s). The DNSPs set the requirements for meter isolation links in the QECM. The metering isolation link is installed to allow a safe system of work to be adopted whilst working on the metering installation. The DNSPs need to ensure that the standard of installation at the premises is consistent regardless of who the MC is in Queensland. If responsibility for this requirement is not amended in the Electricity Regulation, there is the risk that a MC could opt for no meter isolation links which would present a safety risk. This change will also align the Electricity Regulation with current practice and ensure compliance with AEMO’s Metrology Procedure: Part A which gives effect to the QECM.

- **Amendments to section 42:** The DNSP’s consider amendments are required this section to reflect legacy arrangements (i.e. where the DNSPs had responsibility for installing meter isolation links prior the introduction of Power of Choice reforms). In addition to MCs, DNSPs also require the ability to break meter seals to conduct quality of supply investigations, work on network equipment installed under legacy arrangements and undertake safety investigations. The ability for both the MC and DNSP to break the meter seal is required to ensure safety, reduce costs, ensure the security of the site and prevent revisits to site. The amendments required are as follows:
42 No breaking or interfering with meter seal or meter link seal

(1) This section applies if the metering coordinator or distribution entity has provided a meter or links for the premises and there is a seal on the meter or links.

(2) A person (the first person) must not break or interfere with the meter seal or meter link seal unless the metering coordinator or distribution entity has permitted the first person to do so.

Energy Queensland would welcome discussing these recommended amendments further with DNRME.

Feedback wanted: electric vehicles and network connection agreements

As take up of electric vehicles increases, electric vehicle charging technology will become widespread. Achieving the correct authorising environment is important.

Newer models of electric vehicles enable a two way flow of electricity. Vehicles are able to receive and export electricity. Placing requirements on owners of electric vehicles to obtain the consent of network operators to install an electric vehicle charger which export at premises may impose unnecessary costs on vehicle owners and dampen uptake of this technology.

However, similar to other battery systems and traditional generation, it important for distributors to know and be able to manage energy entering the network. Energy Queensland’s submission to the review requested access to registration data from the Department of Transport and Main Roads.

Stakeholder views are sought on the advantages, disadvantages and risks of requiring electric vehicle owners to seek network approval under the Electricity Act to install an electric vehicle charger which is configured to export, or to otherwise inform the network of their purchase.

Energy Queensland remains firmly of the view that an EV charger with bi-directional capabilities is a generator, and the requirement for a network connection application to be lodged with the DNSP by, or on behalf of, the customer and approved prior to installation should be clearly legislated. This complies with standard industry practice that loads greater than 20 Amps must be connected via a connection agreement.

The benefits of such an approach include:

- For DNSPs, the ability to better manage the bi-directional flow of electricity on its network and proactively ensure that EV-related customer needs can continue to be facilitated.
- For EV owners, the enhanced ability to participate in emerging energy trading models.
- For electricity retailers
  - the ability to aggregate the import or export of electricity;
understanding the metering requirements for these connections; and

- understanding which customers have EVs also provides the ability to create specialist pricing plans and tariffs to incentivise charging and export patterns that assist in reducing wholesale energy costs.

It is also our view that seeking a connection agreement from a DNSP is not an onerous task, and provides the DNSP with visibility of generation assets connecting to its distribution network.

In addition, Energy Queensland encourages consideration of requiring all relevant unidirectional EV chargers over a certain size to also be captured and applied for similar to other large loads. Although such EV chargers could not be defined as a generator, their electrical load is individually and collectively likely to create a considerable demand on the networks in coming years. As an example, a charger may be 5-10kW, which is significant when compared to a typical residential peak load of 3-6kW. If the load can be better defined, forecast and managed so as to largely occur at times which optimise network and retail interests, this will potentially minimise or even avoid network upgrades driven by uncontrolled EV charging, and place downward pressure on electricity prices.

We also take this opportunity to make clear that our request for access to TMR EV registration data is for all EV types and not just those with Vehicle-to-Grid (V2G) capability.

Feedback wanted: electric vehicles and definition of ‘electrical installation’

As outlined in T5: Powers of Entry and Resumption, electric vehicles are likely currently excluded from the definition of ‘electrical installation’ under the Electricity Act, due in part to exclusions for vehicles under the definition of ‘electric equipment’. There is the potential that the exclusion of electric vehicles may impact on broader provisions in the Act apply—e.g. in relation to network control, and powers of entry and resumption. However, this may not be key issue as electric vehicle chargers are likely to be considered an electrical installation, with relevant powers attaching to them.

Stakeholder views are sought on the advantages, disadvantages and risks of extending the definition of electrical installation to apply to electric vehicles.

As per section 14 of the Electricity Act, an electrical installation is defined to mean a group of items of electrical equipment. However a group of items of electrical equipment is an electrical installation only if —

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5 Electrical equipment is defined in section 13 of the Electricity Act to mean any apparatus, appliance, cable, conductor, fitting, insulator, material, meter or wire —

(a) Used for controlling, generating, supplying, transforming or transmitting electricity at a voltage greater than extra low voltage; or
(a) All the items are permanently electrically connected together; and
(b) The items do not include items that are works; and
(c) Electricity can be supplied to the group from works or from a generating source.

Energy Queensland concurs with DNRME’s view that some EV chargers are likely to trigger the definition of electrical equipment and electrical installation whereas an EV does not as it is non-permanent. It is our view that these definitions should not be amended at this time unless there is a clear need for amendment.

However, given the dangerous voltages associated with EV charging, we recommend the Queensland Government consider the workplace health and safety implications for mechanics working on EVs.

**Feedback wanted: Excluded customers**

State arrangements currently prevent any person other than the retailer for an area from selling electricity to customers supplied via distributor run stand-alone power systems. Under s. 19A of the NERL(Q), only a ‘designated retailer’ for premises may sell electricity to an ‘excluded small customer’. This is a modified Queensland provision. Excluded customers are defined in the Electricity Act as small customers whose premises are connected (or to be connected) to a distribution entity’s supply network that is not connected to the national grid. These customers were originally excluded from full retail competition in 2007 on the basis that the benefits of competition were not expected to outweigh the cost of developing technical systems to support retail competition.

However, as solar and storage technology has advanced, this has had the practical effect of preventing customers on Ergon Energy’s 33 isolated networks from being able to enter agreements with any electricity sellers (e.g. solar power purchase agreements) other than Ergon Energy Queensland, which is the designated retailer for these systems. It is understood Ergon Energy has indicated it does not enter into these types of arrangements with customers, leaving affected customers with limited choice but to purchase systems outright if they wish to take advantage of solar resources.

As a result of removing barriers on distributors from providing supply via stand-alone power systems, there is the potential for new stand-alone systems to be installed both in the Ergon Energy and Energex networks. Without legislative adjustment, customers on these new stand-alone power systems would automatically be considered ‘excluded customers’. As the existing restriction is based on legacy constraints with the 33 isolated networks, its continued application to newer systems may not be warranted.

(b) Operated by electricity at a voltage grater than extra low voltage; or
(c) That is, of that forms part of, a cathodic protection system.

However electrical equipment does not include any apparatus, appliance, cable, conductor, fitting, insulator, material, meter or wire forming part of a vehicle if —
(a) it forms part of a unit of the vehicle that provides propulsion for the vehicle; or
(b) its source of electricity is a unit of the vehicle that provides propulsion for the vehicle.
The AEMCs review into stand-alone power systems has highlighted the importance of making retail competition available to customers on larger stand-alone power systems. No stakeholder commented on the practical effect of Queensland restrictions in the 33 isolated networks in response to the NERL(Q) review discussion paper.

Stakeholder feedback is sought on whether any adjustment may need to be made to either the NERL(Q) or the definition of ‘excluded customer’ in the Electricity Act to account for new technology (e.g. solar and batteries) or new stand-alone power systems (noting the AEMC is also considering this issue).

As noted, Ergon Energy Retail does not offer alternatives to traditional electricity supply in Ergon Energy’s 33 isolated networks as it is restricted from offering customers behind-the-meter services. However, this situation does not preclude customers from installing micro-generation to supplement their existing network supply. While Power Purchase Agreements (PPAs) are not possible under the current framework, other options are available which do not require the customer to commit up-front capital.

Ergon Energy Retail generally supports the principle of enabling customers to access a choice of products. PPAs between an excluded customer and a company installing behind the meter products, such as a solar PV system, would have the same practical effect on Ergon Energy Retail (as the designated retailer) as a solar PV system purchased outright by the customer. However, enabling the installation of new micro-generation would reduce the pool of consumption over which the fixed costs of operating the existing isolated network can be recovered. Such a change is therefore likely to increase the amount of CSO paid by the Queensland Government.

Feedback wanted: electric vehicle charging stations and technical regulation

Technical regulation aims to support an energy system and individual connections that are safe, reliable, secure and of a high quality. There are already national codes that deal with some aspects of electric vehicles and charging, such as the national metering code. It is likely that further Australian Standards or codes for electric vehicles and chargers will be developed with reference to international codes and standards.

However, until the electric vehicle market and regulatory environment matures, there may be a need for some technical regulation to support reliable, secure and quality supply via commercial electric vehicle charging stations, for example in relation to standards of technical performance and industry behaviour.

Stakeholder feedback is sought on whether the framework for technical standards under the Electricity Act should apply to electric vehicle charging stations.

Energy Queensland understands that one of the objectives of DNRME’s Energy Legislation Review is to address duplication and the lack of alignment with nationally applied laws. As there is a national approach to consider and address EV concerns, and as further Australian standards and codes are likely to evolve, Energy Queensland
is concerned that any move to introduce jurisdictional technical regulation may hamper the emerging market and potentially conflict with future national regulation which we expect to also consider demand response capabilities.
2.7 Price control

2.7.1 Options

The Options being considered by DNRME with respect to price control are as per the following table.

<table>
<thead>
<tr>
<th>Option</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Option 1</td>
<td>Under this option, no changes would be made to the regulation.</td>
</tr>
<tr>
<td>Status Quo</td>
<td>A range of non-legislative action would be undertaken to drive efficiencies and guard against risk.</td>
</tr>
<tr>
<td>Option 2</td>
<td>Under this option, the legislation would be adjusted to address issues that cannot be addressed via non-legislative measures.</td>
</tr>
<tr>
<td>Targeted Reform</td>
<td>Principal changes are adjustments to the regional FiT&lt;sup&gt;6&lt;/sup&gt; to increase size and make technology neutral.</td>
</tr>
<tr>
<td>Option 3</td>
<td>Under this option, measures in option 2 would be introduced, alongside changes to improve efficiency and the effectiveness of price controls.</td>
</tr>
<tr>
<td>Improve efficiency and effectiveness</td>
<td>A legislative requirement would be placed on the Queensland Competition Authority to consider options that improve system efficiency and meet customer need.</td>
</tr>
</tbody>
</table>

2.7.2 Stakeholder Questions

Q7.1 Of the options considered for this Topic, which one do you prefer?

- Option 1
- Option 2
- Option 3
- I do not like any of these options
- Blank (I have no interest in this topic)

Energy Queensland considers this Energy Legislation Review offers opportunities for additional price control reform and takes this opportunity to offer DNRME its expertise in exploring such opportunities.

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<sup>6</sup> FiT – Feed-in-Tariff
Q7.2 Why?

Energy Queensland considers each of the options identified by DNRME has merit, but further work is necessary to adequately respond to the customer feedback received in response to DNRME’s 2018 Issues Paper.

However, we take this opportunity to make the following comments with respect to the policy underpinning the options.

- Tariff and product options

  We acknowledge that regional customers may expect more choice from Ergon Energy Retail, and we remain committed to working to meet the needs of customers in regional Queensland.

  Ergon Energy Retail’s current tariffs, (as determined by the QCA), are generally consistent with those offered in SEQ, particularly for small customers, and are subsidised by the Queensland Government’s CSO under the Uniform Tariff Policy. Many Ergon Energy Retail customers benefit from the now closed “EasyPay Rewards” program which offered participating regional electricity customers benefits in the form of a bill rebate when they signed up for SmoothPay, eBilling and payment by BPAY, direct debit or Centrepay.

  We acknowledge DNRME’s suggestion that customers are seeking more choice of tariffs. However, as noted by DNRME in RIS 2.7, almost all residential customers are billed on a traditional flat tariff, despite the availability of alternative primary tariffs for several years. We consider this situation likely reflects customers wanting to know there is choice available, however preferring simple tariffs over complexity. A lack of customers’ knowledge or understanding of their energy usage and how they may benefit from alternative tariffs, may also contribute. Additional enhanced customer engagement, including consumer education, is required to enable regional Queenslanders to become sufficiently confident to move from traditional flat tariffs to new tariff structures, including time-of-use and demand tariffs, to realise the opportunity for energy savings.

  We also consider that the deployment of digital meters may be an opportunity for retailers to assist customers to better understand their usage and potentially take up alternative tariffs and new products and services which meet their needs. These meters and compliance costs associated with the Power of Choice changes, need to be cost neutral for retailers to enable digital meter roll-out. However, the current reforms are costly in application and are not always engaging for customers. While digital meters can enable access to time-of-use tariffs, we do not agree with DNRME’s statement in RIS 2.7 that a digital meter is required as many existing electronic meters can be reconfigured to enable these tariffs. However, we agree that switching to alternative tariffs may be challenging without a reasonable period of historical consumption data to inform customers’ decisions, and additional independent assistance to assist customers to understand their likely bill impacts under different tariff options.
Energy Queensland acknowledges the existing legislative wording that allows the QCA to determine the notified prices which apply in regional Queensland each year, but which does not specify whether in fixing these prices, the QCA may also set the tariff conditions. In our view, any move to amend the current approach and legislate the requirement for the QCA to set the tariff conditions removes the potential for flexibility and innovation in the application of tariffs. Such an approach would in our view be in direct contrast to the feedback DNRME received with respect to customers wanting greater choice and product flexibility.

- **Consolidating regional pricing and the regional FIT process**

Energy Queensland supports the consolidation of the process to determine notified prices and the regional FIT at off-peak day time rates. An approach which configures all rates at the one time will streamline the pricing determination process and reduce administration costs for Ergon Energy Retail.

- **Regional electricity FIT**

Energy Queensland acknowledges that there are opportunities to enhance the Regional FIT to better reflect current and expected trends in the energy market, and to incorporate and support the uptake of new energy technologies.

However, our internal analysis at 1 December 2019 varies from that incorporated in DNRME’s Options Paper. We therefore suggest more comprehensive analysis is required to inform changes to the eligibility for the Regional FIT.

Customers would need to be made aware that while some systems could be reconfigured to enable export, they were initially approved as zero-export systems and connected under different planning assumptions. Any move to now enable these systems to export will require Ergon Energy to revisit the planning assumptions for each system, and the customers to modify the PV system to enable export. Further,
and most significantly, any change to the export capacity of the inverter will be considered a connection alteration in accordance with Chapter 5A of the NER, meaning all costs of preparing the system to export will be met by the customer, potentially offsetting any benefit which could be derived from the Regional FiT.

We also disagree with the statement in RIS 2.7 that a customer with a 100kW system exporting 30 per cent of its capacity would earn an “indicative” $5,000 (we assume per annum), and the assumption that the estimated cost of $13 million is cost-neutral and could easily by absorbed by Ergon Energy Retail (and Origin). While additional liability for Ergon Energy Retail from expanding eligibility to the Regional FiT appears insignificant, in our view it is uneconomic to accept this liability given current trends in the wholesale market.

Rather, in our view, the Regional FiT rate as set by the QCA is not cost-neutral. The Regional FiT of 7.8c/kWh is equivalent to $78/MWh, well above current wholesale energy prices. Instead, we recommend that the Regional FiT be calculated using the actual avoided wholesale cost of energy during the hours of solar generation. We also suggest that the Energex Net System Load Profile (NSLP) over 24 hours which is currently used to calculate the Regional FiT should be replaced with the NSLP for the Ergon Energy network but limited to the hours of solar generation. Such an approach would remove the higher wholesale energy costs of the peak evening period from the calculation of the Regional FiT price and more appropriately reflect the real value of the import received.

Energy Queensland also raises concern with DNRME’s suggestion that the regional FiT represents a minimum price, and that Ergon Energy Retail should offer customers a “more favourable” rate. As mentioned above, we suggest the existing FiT is already favourable as it is well above current daytime wholesale energy price.

We acknowledge that at face value, there may be potential for other technologies, such as wind, batteries and EVs to support the network during peak demand and reduce retail price risk during spot market peaks. However, we caution against any assumption that the proposed extension of the regional FiT would encourage more export at beneficial times. We consider that the regional FiT in its current form is not well-suited to this objective, and significant changes would be required to the Regional FiT to incentivise export at beneficial times to avoid negative outcomes for the network, the retail market, and for customers.

Consequently, we recommend that a more comprehensive review of the regional FiT be undertaken, including a full cost-benefit analysis, to enhance the understanding of the commercial and technical impacts of the scheme, both during the middle-of-the-day and on weekends when commercial load is not operating. We also recommend that further work be undertaken in conjunction with the DNSPs to explore the impacts of additional systems exporting into the distribution networks.
Q7.3 Thinking of your preferred option, would you like to suggest any improvements?

Energy Queensland recommends that legislative amendments only be progressed where they are in the best interests of all customers and all implications have been modelled and understood.

**Feedback wanted: electric vehicles**

Current price controls framework is based on sale of electricity to premises under a customer retail contract. This controls the price at which electricity is sold to premises, but would not include the price at which electricity is sold by a commercial charging station to a customer for their electric vehicle.

As electric vehicle customers are more easily able to shop around (and would have the option of charging their vehicle at home in which case protections would apply), it may be inappropriate to extend price control arrangements to commercial electric vehicle charging stations. However, in more remote regional areas, a lack of competition may incentivise unfair price practices.

Stakeholder views are sought on the advantages, disadvantages and risks of extending price protections to operators of commercial electric vehicle charging stations.

Energy Queensland is of the view that Government pricing intervention is not warranted. The tariff rates available to residential and business customers set the price reference points. EV owners then have the option whether to charge at their premises or pay a higher rate for quicker charging at a public charging station if they need or wish.

It is likely that various models of charging will emerge at commercial charging stations, with some adopting fluctuating tariffs reflecting underlying Time-of-Use or demand tariffs while others remain relatively steady. Such competition is critical to an active and customer-responsive market.

Energy Queensland contends that the EV industry, including companies providing commercial charging stations, is in its infancy and our preference is for this market to be given the opportunity to develop without the potential impediments of price control.

Energy Queensland therefore recommends that DNRME maintain a watching brief with respect to the commercial practices of EV charging stations (in a similar manner to the QCA’s market monitoring role in SEQ). Should of concern market practices with respect to EV charging stations become evident, then DNRME (or the QCA) should have the ability to react.
Feedback wanted: retail products, services and innovation

New technologies are and will continue to challenge the framework for notified prices going forward. Rooftop solar systems can already meet 40 per cent of customer load, the impact of which is not currently taken into account in the price setting process, which is largely based on volume based pricing. Demand pricing responses to volume based pricing can in turn be undermined by battery technologies reducing demand. There appears to be limited flexibility to support different business models to supply power such as stand-alone power systems and other related services such as energy management.

A number of stakeholders commented on the need to build flexibility into tariffs that promote innovation and provide for changes in the sector. For example, Master Electricians Australia noted

...lack of reform and flexibility in the tariff structure can stymie innovation. The tariff structure in place in the Queensland electricity market has been largely unchanged for 50 years or more. Master Electricians Australia firmly believes a more flexible tariff structure would generate greater innovation in the sector.

The Australian Sugar Milling Council similarly recommended more flexible retail price controls in the absence of retail competition.

The AEMC’s Draft Report: Review of the Regulatory Frameworks for Stand-alone Power Systems – Priority 2 includes a draft position to apply retail price regulation to larger third party stand-alone power systems located in areas where price regulation already applies (i.e. in regional Queensland). It does not propose retail price regulation for smaller third party stand-alone power systems.

Stakeholder views are sought on the value of building greater flexibility into retail products and services for regional customers to address new technologies, and how this could be achieved.

Ergon Energy Retail acknowledges that some regional customers may expect more variety and innovation in retail products and services. Ergon Energy Retail would welcome the opportunity to work with DNRME and the QCA to explore how new products, services and innovation could be introduced.

Energy Queensland also understands that the DNSP SAPS will attract notified prices. Again, we would welcome the opportunity to work with DNRME and the QCA in the setting of the notified prices for this service type.

Feedback wanted: electric vehicles and regional feed-in tariff

All electric vehicles include a battery which can be charged from the grid or domestic renewable energy, fuel cells or by an internal combustion engine if it is a hybrid vehicle. The electric vehicle is connected to the grid or a battery via a charger, for which there are different designs, including high-speed DC chargers and slower AC chargers which allow for a vehicle to be charged from the grid.
Shortly chargers may become available which will also allow for two-way flow from grid-to-vehicle and vehicle-to-grid. The vehicle-to-grid flows are analogous to solar energy fed into the grid. A technology-neutral regional feed-in tariff could reasonably include exports from electric vehicles.

Stakeholder views are sought on the advantages, disadvantages and risks of facilitating feed-in tariff payments in regional areas for exports from electric vehicles

Energy Queensland acknowledges the potential for the eligibility for the regional FiT to be expanded to include exports from EVs. However, we caution the assumption that an extension of eligibility to EVs would encourage more export at times which may benefit the grid. We consider that where an EV is bi-directional it must be considered a generator and connected under the terms and conditions of a connection agreement. Further, as a generator, there is potential for the EV to attract the regional FIT in a similar manner as solar PV systems. However, as stated above, the regional FiT in its current form is not well-suited to incentivise export during desired periods (for example, during network peak demand or high spot market prices), and options should be explored for the FiT to more closely reflect the avoided cost methodology at the time of export prior to a final decision being made.

Further, Energy Queensland is clear in its view that where a customer receives a 44 cent FiT under the Solar Bonus Scheme (SBS), then it must be made expressly clear via the Electricity Act that the EV cannot (and must not) be discharged when the solar PV system is operating to escalate a customer’s SBS return. We also raise the potential for the gaming of EV’s under the SBS where an EV can be charged at a commercial charging station for less than the SBS FIT it will receive at discharge. As such, DNRME will need to clearly address the risk of commercial arbitrage.
2.8 Dispute resolution

Energy and Water Ombudsman fee options for complaints by embedded network customers

Energy Queensland is supportive of extending the Energy and Water Ombudsman Scheme (the Scheme) to customers within in embedded networks. As stated, there is clear policy direction at both the national level and jurisdiction level though the Council of Australian Governments (COAG) Energy Council to ensure that embedded network customers have the same consumer protections as grid-connected customers and as such, have access to fee and independent dispute resolution schemes.

2.8.1 Stakeholder Questions

Q 8.1.1 What type of energy disputes are likely to arise between ‘exempt sellers’ and their customers?

Energy Queensland considers that disputes will most likely relating to billing and consumption.

Q 8.1.2 What dispute resolution mechanisms do embedded network customers currently use in order to have their energy disputes settled? Are customers aware of and successfully using existing mechanisms? Are there any issues with the current mechanisms?

Energy Queensland has no comments.

Q 8.1.3 Are there any stakeholder groups that the department should consider, and consult with, when assessing potential options for embedded network customers?

Energy Queensland has no comments

Q8.1.4 Is the predicted number of complaints reasonable based on the information available?

Energy Queensland refers DNRME to the AEMC’s final report on Updating the Regulatory Frameworks for Embedded Networks, where they state that “the lack of comprehensive and reliable data on embedded network customer numbers highlights some of the challenges associated with the current exemptions regime, including difficulties in effectively monitoring and enforcing compliance with the regime”.

This lack of information is evidence of the significant challenge for DNRME to forecast the number of complaints with any certainty. As such, Energy Queensland cannot support the estimated number of complaints with any confidence.
Given the absence of robust, detailed data, Energy Queensland considers that the higher estimate should be used as a starting point.

Q 8.1.5 Do you agree with the proposal for all residential ‘exempt sellers’ to be automatically deemed to be Energy and Water Ombudsman scheme participants?

Energy Queensland supports that residential exempt sellers are deemed to be members of the Scheme.

Q 8.1.6 Do you agree with the proposal NOT to require ‘exempt sellers’ to pay an annual participation (membership) fee? If not, why.

Energy Queensland notes DNMRE’s intention to delay implementing the Scheme for one year, to allow the Ombudsman to collect data. This implies that the forecast number of customers complaints is not robust and has the potential to result in a cross-subsidisation from existing Scheme members.

As such, Energy Queensland considers that exempt sellers should, in addition to the user-fees model, also be required to pay an annual membership fee. This should compensate for any under recovery under a user-pays model until exempt sellers are required to pay. In addition, Energy Queensland considers that the proposed user-pays fee scale should be reflective of the Ombudsman actual cost to serve in delivering a dispute resolution service for embedded network customers. That is, the costs to resolve a dispute for an embedded network customer should be on the same terms as a grid connected customer.

Q 8.1.7 Do you agree that the proposed fees for ‘exempt sellers’ under option 3 are fair and reasonable, and proportionate to the level of impact the issue or complaint may have on the ‘exempt sellers’ customer? If not please explain why.

Energy Queensland recognises that some exempt sellers may not have the capacity to pay for access to the Scheme. However, Energy Queensland has difficulty in accepting the proposed sliding fee schedule as outlined in option 3. From Energy Queensland’s experience these fees are not reflective of the actual cost to serve.

Scheme members may accept option 3, if the Ombudsman were to provide quarterly reporting on the following factors:

- The number of cases received from embedded network customers;
- The breakdown of these cases against case types;
- The total fees recovered from exempt sellers over the period; and
- Where relevant, the shortfall between actual costs to serve and fees recovered.
Q 8.1.8 Are there any other user-pays fee options the department should consider?

Energy Queensland has no comments.

Q 8.1.9 Do you see any issues with delaying the implementation of the user-pays fee scheme for at least 12 months in order to gather data to increase awareness and understanding of the Energy and Water Ombudsman services before fees are payable?

Given the cross-subsidisation from existing Scheme members may occur, Energy Queensland considers that it is reasonable for existing Scheme members to have some certainty and transparency on the amount they could be subsidising exempt sellers for their participation in the Scheme.

Given that the number of embedded networks in Queensland is unclear and therefore the likely number of embedded network customer complaints is also uncertain, this represents an unanticipated additional cost for existing Scheme members which should be funded by DNRME rather than existing Scheme members.

Further, the Ombudsman should also provide Scheme members at the end of 12 months with the following:

- totals costs associated with the Ombudsman expanding its jurisdiction to embedded network customers for the initial 12-month period, for example, marketing and promotional material as well as complaint handling costs;
- total amount of fees recovered from exempt sellers;
- where relevant, the shortfall between actual costs to serve and fees recovered; and
- the proposed user-pays fee model for the following 12-month period.

Energy and Water Ombudsman Queensland

This section considers what is the best structure for the Energy and Water Ombudsman Queensland (EWOQ) to allow it to respond to changes. The preferred option is for the EWOQ to remain a statutory entity with greater flexibility to adjust scope of complaints and cost recovery arrangements and stronger powers to review systemic issues.

However, Energy Queensland has concerns regarding DNRME’s approach to the funding structure and proposal to extend the Ombudsman scope of investigative powers. Energy Queensland’s concerns relate primarily to the uncertainty around the data relied on by DNRME to determine the funding model and the potential amount that other Scheme participants will be subsidising in order for exempt sellers to access independent dispute resolution services. It is also arguable that officers within the Ombudsman office may not have the experience and resources necessary to facilitate the proposed expanded scope of the Ombudsman functions.
2.8.2 Options

The Options being considered by DNRME with respect to Dispute Resolution – EWOQ are as per the following table.

<table>
<thead>
<tr>
<th>Option</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Option 1</td>
<td>Existing arrangements would be retained</td>
</tr>
<tr>
<td>Status Quo</td>
<td></td>
</tr>
<tr>
<td>Option 2</td>
<td>• The Ombudsman’s jurisdiction would be extended to specifically include residential customer disputes about sale and supply in embedded networks, supported by special fee arrangements</td>
</tr>
<tr>
<td></td>
<td>• Enabling legislation would be amended to provide more flexibility in relation to the subject matter for complaints, and for fees generally (excluding embedded network customers)</td>
</tr>
<tr>
<td></td>
<td>• Duplication between national and state processes would be removed</td>
</tr>
<tr>
<td>Option 3</td>
<td>The Ombudsman’s status as a statutory entity would be discontinued, and it would transition into a company limited by guarantee, subject to high level principles in enabling legislation</td>
</tr>
<tr>
<td>Company limited by guarantee</td>
<td></td>
</tr>
</tbody>
</table>

2.8.3 Stakeholder Questions

Q 8.2.1 Of the options considered for this Topic, which one do you prefer?
- Option 1
- Option 2
- Option 3
- I do not like any of the options
- Blank (I have no interest in this topic)

Given the speed at which the sector is moving, Energy Queensland would prefer option 3 on the basis that it would provide greater flexibility to the Ombudsman in responding to changes in the market. However, if this is not accepted, Energy Queensland supports option 1.

Q 8.2.2 Why?

Energy Queensland is not comfortable with expanding the Ombudsman scope as proposed under option 2. It is arguable that Officers at the Ombudsman may not have the necessary experiences or resources to deal with an expanded scope and dealing with significant commercial matters, such as Power Purchase Agreements or matters that involve behind-the-meter services.
Option 3 provides the flexibility to cater for the changing technology landscape and consumers’ ability to actively change how they use energy continues. New market entrants are emerging and are seeking to capitalise on these technological innovations by offering customers innovative products and services via new business models. As such, option 3 would provide greater flexibility to the Ombudsman in responding to the changes in the market.

Q 8.2.3 Thinking of your preferred option, would you like to suggest any improvements?

Energy Queensland has no comments.

The Regulator

This section deals with dispute resolution mechanisms for energy and public entities. Currently disputes between energy entities, and between energy entities and public entities are dealt with by either the Regulator or the QCA. The preferred option is to have the QCA deal with all disputes based on high level principles to manage dispute resolution.

2.8.4 Options

The Options being considered by DNRME with respect to Dispute Resolution – Regulator are as per the following table.

<table>
<thead>
<tr>
<th>Option</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Option 1</td>
<td>Under this option, existing arrangements would be retained, supplemented by guidance material published by the Regulator</td>
</tr>
<tr>
<td>Status Quo</td>
<td></td>
</tr>
<tr>
<td>Option 2</td>
<td>Under this option, responsibility for dispute resolution would be given to the QCA and supplemented by high level principles</td>
</tr>
<tr>
<td>Adjust</td>
<td></td>
</tr>
<tr>
<td>Option 3</td>
<td>Under this option, industry dispute resolution functions would be removed from the legislation</td>
</tr>
<tr>
<td>Remove</td>
<td></td>
</tr>
</tbody>
</table>

2.8.5 Stakeholder Questions

Q8.2.1 Of the options considered for this Topic, which one do you prefer?

- Option 1
- Option 2
- Option 3
- I do not like any of the options
- Blank (I have no interest in this topic)

Energy Queensland supports Option 1.
Q8.3.2 Why?

Energy Queensland considers that there is value in retaining the existing arrangements as disputes between Government Owned Corporations and other Government departments may be better resolved by the Regulator under existing provisions.

Q8.3.3 Thinking of your preferred option, would you like to suggest any improvements?

Energy Queensland has no comments.
2.9 Customer protection

2.9.1 Options

The Options being considered by DNRME with respect to customer protections are as per the following table.

<table>
<thead>
<tr>
<th>Option</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Option 1</td>
<td>Existing arrangements continue</td>
</tr>
<tr>
<td>Status Quo</td>
<td>Some consequential amendments required</td>
</tr>
<tr>
<td><strong>-Option 2</strong></td>
<td>Minister may require exempt sellers in stand-alone power systems to enter into concessions agreements.</td>
</tr>
<tr>
<td>Partial Adjust</td>
<td>GSL’s may deal with service levels in large (100+ customers) exempt networks, subject to open process including cost assessment.</td>
</tr>
<tr>
<td>Definition of ‘customer’ adjusted to focus on supply.</td>
<td></td>
</tr>
<tr>
<td><strong>-Option 3</strong></td>
<td>Minister may require any exempt seller to enter into concessions agreement.</td>
</tr>
<tr>
<td>Full adjustment</td>
<td>GSL’s may deal with service levels on any exempt network, subject to open process including cost assessment.</td>
</tr>
<tr>
<td></td>
<td>Definition of ‘customer’ adjusted to focus on supply as per option 2.</td>
</tr>
</tbody>
</table>

2.9.2 Stakeholder Questions

Q9.1 Of the options considered for this Topic, which one do you prefer?

- Option 1
- Option 2
- Option 3
- I do not like any of these options
- Blank (I have no interest in this topic)

Energy Queensland prefers Option 1 but with the definition of customer amended in the Electricity Act to reflect the relationship between a DNSP and a customer.

Q7.2 Why?

- Definition of ‘customer’

Energy Queensland acknowledges that the previous definition of customer included in the Electricity Act was amended following the introduction of the NECF, resulting in unintended consequences for the relationship between a DNSP and its customer.
The definition of a customer under the National Energy Retail Law (Queensland) (NERL-Q) and the Electricity Act is a person —

(a) To whom energy is sold for premises by a retailer; or
(b) Who proposes to purchase energy for premises from a retailer.

As such, this definition, which focuses on the retail sales relationship, does not formally recognise the arrangement between a DNSP and other parties such as a generator connection applicant.

Both Ergon Energy and Energex are proud of the relationships they have established with customers and other market participants (e.g. generators) throughout the state, and are the first point-of-call for many customers experiencing supply issues. In addition, a relationship continues to exist between a DNSP and a customer with respect to the safe and reliable supply of energy, and extends to include (but is not limited to) relationships associated with Guaranteed Service Levels incorporated in the Electricity Distribution Network Code, reading and maintenance of accumulation meters, and customers located in the isolated network communities. In many cases, particularly large customers have a direct relationship with a DNSP due to issues associated with load and/or supply restoration. We therefore remain of the view that the definition of customer in the Electricity Act should be reinstated to reflect the relationship between a DNSP and its customer.

- **Customer protections in embedded networks**

  Energy Queensland is conscious of the reforms underway at the national level with respect to embedded networks including the needs for enhanced customer protections (noting our comments in 2.8.1 above), noting the administrative complexity that this reform will bring.

  However, DNSPs do not currently (nor will they) have the ability to prescribe performance standards to customers installing equipment (including generators) within an embedded network, as the embedded network connection agreement is with the owner or operator of the embedded network at the connection point to the distribution network.

  We are extremely concerned that equipment such as small synchronous generation is being connected and used by embedded network customers which is non-compliant with network performance standards, and as such, risks the safety of our people, customers, and the distribution networks.

  While amendments to provide visibility of this equipment to DNSPs are being considered, they are in our view being hampered by embedded network managers, most likely due to cost implications.

  To protect customers from interreference with their electricity supply caused by an embedded network customer installing equipment which is non-compliant with a
DNSP’s performance standards, we recommend that DNRME incorporate in the Electricity Act:

- A requirement for the embedded network owner to apply to the DNSP for the installation of equipment on the embedded network in the same manner as customers directly connected to the grid; and
- An obligation for embedded network operators to make visible to the DNSP the equipment which has been installed within their network to date.

**Feedback wanted: electric vehicles**

The definition of customer, particularly the link to premises, could exclude the regulation of supply to vehicles from the state energy laws. This could exclude the development of rules relating to technical standards of supply, emergency powers, price control and powers of entry to make equipment safe.

Stakeholder feedback is sought on the advantages, disadvantages and risks of including electric vehicle customers within the definition of ‘customer’.

Energy Queensland is of the view that the definition of customer\(^8\) should not be amended to capture the supply of electricity to EVs given the relocatable nature of the EV compared to the fixed premises of a customer (noting that the fixed EV charging station within premises will likely trigger the definition of customer). In our view, a bi-directional EV is no different than any other storage device (e.g. battery) and as such, and for the purposes of the Electricity Act, is a generator. In our view there is a need to preserve a level playing field between generator types and as such, an EV should not be identified as a customer.

We are also of the view that there is a need to ensure EV disputes do not fall within the ambit of the EWOQ setting a precedent for generation disputes to be referred to the EWOQ.

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\(^8\) Under Section 5 of the National Energy Retail Law (Queensland), a customer is a person—
(a) to whom energy is sold for premises by a retailer; or
(b) who proposes to purchase energy for premises from a retailer.
2.10 Emergency powers

The options being considered by DNRME with respect to emergency powers are as per the following table.

<table>
<thead>
<tr>
<th>Option</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Option 1</td>
<td>Under this option, existing emergency power provisions would remain unchanged in the Electricity Act, Gas Supply Act and Liquid Fuel Supply Act.</td>
</tr>
<tr>
<td>Status Quo</td>
<td></td>
</tr>
<tr>
<td>Option 2</td>
<td>Under this option, emergency power provisions in the Electricity Act would change to modernise supply emergency powers, including provisions for a supply emergency declaration, Ministerial direction and information request powers to support emergency management planning. The Liquid Fuel Supply Act would be amended to revise outdated provisions.</td>
</tr>
</tbody>
</table>

2.10.1 Stakeholder Questions

Q 10.1 Of the options considered for this Topic, which one do you prefer?
- Option 1
- Option 2
- The recommended hybrid option (i.e. option 2 for electricity and liquid fuels and option 1 for gas)
- I do not like any of these options
- Blank (I have no interest in this topic)

Energy Queensland supports Option 2.

Q 10.2 Why

In our view, Option 2:

- Allows for the adoption of Queensland Government Guidelines which make clear its direction and priorities in responding to an emergency event. For example, in our view, such Guidelines would have been beneficial in a recent exercise Energy Queensland attended at Powerlink where there was suitable discussion between agencies, but uncertainty on priorities. A Government endorsed Guideline would formalise existing load shedding issues, and assist in the priority and consistency of the emergency approach;

- Improves clarity and consistency in definitions;

- Provides clear direction and approval for the sharing of information between parties involved in the emergency event;
- Enables appropriate, consistent and comprehensive media messages to be pre-prepared, allowing for faster and thorough public communications;

- Allows for pre-emptive and preparative actions to smaller scale events, mitigating the risk of a major emergency;

- Reduces delays in implementation of emergency restrictions which result from the current gazettal process;

- Provides an opportunity to clarify the relationship between the Electricity Act and the existing NER Chapter 4 and Chapter 5 processes of registered market participants;

- Enables existing business procedures associated with rotational load shedding, voltage reduction, and system re-start, to be clarified and aligned;

- Allows for system strength issues to be considered; and

- Has the potential for guidance on ‘interruptible’ customers to be clarified.

However, Energy Queensland also cautions that these Guidelines risk being overly prescriptive or directive in requirements with the potential to inadvertently reduce flexibility. Energy Queensland therefore offers DNRME its expertise when drafting the Guidelines to ensure issues such as priorities between the regions and sector rationing are addressed.

Q10.3 Thinking of your preferred option, would you like to suggest any improvements?

Energy Queensland offers the following suggested improvements:

- The impact of renewables with respect to rationing orders, supply and supply shortfalls needs to be considered, including the ability to use behind-the-meter products.

- Clarity is required on the alignment between AEMO’s role under the NER, and the Queensland Government’s emergency management role to ensure all parties are clear in their roles and obligations;

- Additional clarity is required on the application of the proposed Guidelines to “all hazards”, including both natural disasters and cyber-attacks; and

- Energy Queensland (and other electricity entities) require sufficient delegations which allow us to make decisions in real-time when required.

We envisage that once more detail in respect to emergency management is available, for example, proposed drafting instructions, more discussion will be required between DNRME and Energy Queensland.
Energy Queensland also takes this opportunity to raise another issue which has not been raised in the Energy Legislation Review. Both Ergon Energy and Energex are subject to Minimum Service Standards (MSS) as set in their respective Distribution Authorities. In recent months, both networks have been impacted by bush fires and other disasters resulting in outages on the networks. On occasion, Ergon Energy and Energex have taken decisions to de-energise part of network in the interest of customer, employee and network safety, such as the recent bushfire event at Yeppoon. However, this de-energisation failed to trigger the major event day exclusion available under the MSS scheme, nor was it directed by a police officer or another authorised person exercising powers in relation to public safety. Energy Queensland therefore requests that the Regulator consider an amendment to the Distribution Authorities of Ergon Energy and Energex to allow for the exclusion of an outage event from the MSS where a de-energisation has occurred for safety reasons or where a natural disaster has been declared.

**Feedback wanted: Operator of last resort (OoLR) and stand-alone power systems**

The AEMC’s *Draft Report: Review of stand-alone power systems – priority 2* considers the appropriate regulatory framework for third party stand-alone power systems, including for emergency events. The Commission’s draft position is that States may need to develop jurisdiction ‘Operator of Last Resort’ schemes for stand-alone power systems, to cover the failure of generation, network operations and potentially retail activities in stand-alone power systems.

The Commission intends to undertake further consideration of the design of an OoLR scheme and will include a position on this in its final report (due October 2019). This is expected to include recommended processes for appointing an OoLR and ensuring appropriate risk allocation, though it does not intend to set out prescriptive final recommendations.

Section 130 of the Electricity Act provides that the Governor in Council may authorise the Regulator to take over the operation of a licensed entity’s works and business in particular circumstances to ensure customers continue to receive an adequate, reliable and secure supply of electricity. The Regulator is able to appoint an operator to do all things necessary or convenient to ensure the relevant operations continue to operate as required: s. 131.

*Stakeholder feedback is sought on the adequacy of ss. 130 and 131 to manage potential issues relating to third party stand-alone power systems, in light of AEMC stand-alone power systems work.*

Energy Queensland notes that the AEMC released their final report on third-party SAPS and recommended that an OoLR Scheme will have to be developed for categories 1 and 2 third-party SAPS. The AEMC considers that no OoLR Scheme is required for category 3. For Category 1 third-party SAPS, the existing NEM Retailer of Last Resort (RoLR) arrangements will apply. However, there may need to be jurisdictional OoLR schemes for the network and generation activities. In relation to...
category 2 third-party SAPS, the AEMC recommended that OoLRs could be nominated and resourced on a pre-emptive basis, that is, prior to being granted a standard jurisdictional licence.

Energy Queensland considers that sections 130 and 131 are suitable for Category 1. However, we are not convinced that sections 130 and 131 could manage the issues relating to third-party SAPS in light of the AEMC’s final recommendation in relation to category 2 third-party SAPS. This is because the AEMC preference is that category 2 SAPS service providers should appoint an alternative operator via contractual negotiation, as a pre-condition of being granted a jurisdictional licence. This means that that OoLR would be determined prior to being issued a licence.

If DNRME considers that sections 130 and 131 are appropriate for category 2, and appoints a DNSP as the OoLR, then a number of amendments to the NER and the Electricity Regulation are required. Currently under the Australian Energy Regulator’s Ring-fencing Guidelines, DNSPs can only provide direct control services and may not provide other services. As such, DNSPs would require a waiver to be an OoLR for a vertically integrated SAPS solution which are contemplated under category 2. There is an additional concern in that the AEMC believes that third-party SAPS will develop out of greenfield sites. As such, appointment of a DNSP as an OoLR for category 2 could increase the regulatory risk faced by DNSPs if they are appointed as an OoLR to a technical solution that does not meet their required utility grade technical standards. Finally, under the Electricity Regulation, DNSPs are prohibited from holding a retail authority. Therefore, this would need to be amended to allow DNSPs to take on a retailing function of a vertically integrated solution, or alternatively apply the RoLR arrangements.

Feedback wanted: Emergency powers

This option proposes a new framework for electricity supply emergencies incorporating a declaration, broad Ministerial direction powers and information request powers to support decisions and emergency management planning.

Stakeholder views are sought on the following considerations related to option 2:

- What should be the threshold for an emergency supply declaration?
  
  New South Wales and South Australia rely on the Premier/Minister being satisfied that supply to all or any part of the state is significantly disrupted or is likely to be significantly disrupted.

  Energy Queensland considers that the threshold could be determined on a case-by-case basis. This is because the effectiveness of an emergency response may depend on where it is in the state. In addition, the powers proposed are very broad and Energy Queensland seeks clarity from DNRME on what it means for the Minister to be “satisfied” in order to trigger an emergency order. Furthermore, “emergency declaration” is defined in other
pieces of legislation, so there is a need to be careful not to mix terminology, for example supply emergency versus public emergency.

- **What should be the scope of Ministerial direction powers taking account of Ministerial direction powers in other NEM jurisdictions?**

  Energy Queensland considers that any amendments should reflect what the status quo is in Queensland. That is, Ministerial direction decisions should be informed by emergency management plans and protocols, including relevant national emergency management instruments and any information requests. However, what is being proposed does not contain sufficient specificity and as such, Energy Queensland requests that DNRME provide additional detail.

- **Would there be an ongoing need for a restriction regulation?**

  Energy Queensland considers that there is an ongoing need for a restriction regulation.
2.11 Offences and enforcement

2.11.1 Options

The options being considered by DNRME with respect to offences and enforcement are as per the following table.

<table>
<thead>
<tr>
<th>Option</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Option 1</td>
<td>• Regulation remains unchanged, subject to any consequential amendments arising from other options in this Stage 2: Options paper, e.g. introduction of a standards and codes framework.</td>
</tr>
<tr>
<td>Status Quo</td>
<td>• Option 1 complemented by education material prepared by the Regulator to advise of its enforcement strategy and priorities.</td>
</tr>
<tr>
<td>Option 2</td>
<td>• Expand the regulatory tools available to the Regulator to promote compliance</td>
</tr>
<tr>
<td>Partial Adjustment</td>
<td>• Section 166 of the Electricity Act would be clarified to enable disconnection of devices without a connection agreement</td>
</tr>
<tr>
<td></td>
<td>• Consequential amendments and duplicative offences removed</td>
</tr>
<tr>
<td>Option 3</td>
<td>• The regulatory enhancements in option 2 would be introduced</td>
</tr>
<tr>
<td>Full adjustment</td>
<td>• Supplemented by a structural adjustment between the roles of enforcement and administration (enforcement and administration roles would be either separated or consolidated).</td>
</tr>
</tbody>
</table>

2.11.2 Stakeholder Questions

Q11.1 Of the options considered for this Topic, which one do you prefer?

- Option 1
- Option 2
- Option 3a
- Option 3b
- I do not like any of these options
- Blank (I have no interest in this topic)
Energy Queensland has no preference with respect to the option chosen by DNRME. However, we support DNRME publishing an enforcement strategy which can be provided to an electricity entity or customer where the potential exists for that electricity entity or customer to breach the Electricity Act, and which clearly defines the enforcement action / penalty which may attach.

**Q11.2 Why?**

It is our experience that enforcement action is only progressed in extraordinary circumstances, with only one alleged breach of the Electricity Act referred by Energy Queensland to the Regulator for action in recent years. Energy Queensland has a preference to work with the communities we serve and our customers to progress a mutually satisfactory outcome to an issue which has arisen, rather than refer a matter for enforcement action.

We are also of the view that obtaining the evidence necessary to progress enforcement action requires specialised skills, takes time and is a costly exercise.

Energy Queensland supports action being taken under the Criminal Code (rather than the Electricity Act) where it is appropriate to do so.

**Q11.3 Thinking of your preferred option, would you like to suggest any improvements?**

- Inhibiting access to works – Energy Queensland accepts the continued use of the word “obstruct”.

- Failure to provide space for small electricity infrastructure to be built, like a substation – Energy Queensland accepts that this will not become an offence provision in the Electricity Act.

- Causing damage to property – Energy Queensland did not call for a new offence for interfering with electricity infrastructure. Rather we were of the view that existing penalties associated with interfering with our assets and any resultant damage to our property, were deficient given our costs to remedy. As such, we were of the view that the associated penalties should be cost-reflective.

We also recommended that for the purposes of section 230 of the Electricity Act, interreference (or tampering) with electricity infrastructure should be extended to include interreference with a electricity meters which, due to Power of Choice and NECF, may now fall outside the definition of an “electricity entity’s works” (where they are Type 1, 2, 3, 4 or 4A meters). It should be made clear that interreference with an electricity meter falls within section 230 of the Electricity Act.

- Failure by an entity to comply with conditions and standards of the road authority, particularly for safety – Energy Queensland does not support the introduction of an offence provision. As per Energy Queensland’s response to RIS 2.5 Powers of Entry, Energy Queensland and TMR intend to manage the location of energy...
works in road corridors via a MOU. We are therefore strongly of the view that no offence provisions are necessary.

- **Consequential provisions** – Replacing existing ‘distribution network codes’ and technical conditions with a ‘standards and codes’ framework. Should DNRME progress its preferred option under RIS 2.6 Technical Requirements, there is a need for a clear and defined Head of Power to be incorporated in the Electricity Act which makes clear that offences exist and enforcement action may be taken where a customer breaches a standard or code, with penalties appropriate to the breach. The Electricity Act must contain provisions which make it an offence not to comply with a standard or code as per similar provision under section 26A of the *Work Health and Safety Act 2011*.

- **Other remedies** – Amending the scope of section 166 of the Electricity Act to enable the disconnection of devices (micro-embedded generator or energy storage unit) where a customer has not completed a connection agreement. Energy Queensland supports this amendment however takes this opportunity to make clear that this power should be in addition to the power to disconnect the customer. While Energy Queensland will make every endeavour to ensure a customer has access to an electricity supply, there will be occasions where it will be necessary to disconnect the customer rather than just the generator / storage unit.

Energy Queensland’s support for the above stated legislative amendments is subject to its review of the draft legislation to ensure that the draft provisions align with the stated intent of the proposed changes.