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Committee Secretary
Public Works and Utilities Committee
Parliament House
Sent via email only: PWUC@parliament.qld.gov.au

Dear Committee

Submission: Electricity and Other Legislation (Batteries and Premium Feed-in Tariff) Amendment Bill 2017

Thank you for the opportunity to provide comment on the Electricity and Other Legislation (Batteries and Premium Feed-in Tariff) Amendment Bill 2017 (**Bill**).

The Environmental Defenders Office Qld (**EDO Qld**) is a community legal centre which provides free legal advice, representation, law reform assistance and education to the community on public interest environment and planning law matters. As part of this work, EDO Qld has gained some legal expertise in the regulation of renewable energy.

Our submissions focus on the amendments to the *Electricity Act 1994* (Qld) provided in clause 5 of the Bill. We support the government's intention in this Bill to prevent exploitation of the Solar Bonus Scheme (**SBS**) via the use of additional generation systems and electricity storage devices. We commend the government for seeking out alternative means to achieve this objective to that of simply denying SBS participants from continuing on the Scheme should they install a battery, as recommended by the Queensland Productivity Commission in their Final Report: Electricity Pricing Inquiry (**QPC Report**).¹

We are aware that there are challenges in achieving a perfect solution that has no unintended negative consequences for any stakeholders. However, we note that the method proposed in the Bill to prevent exploitation of the SBS issue may have unintended negative impacts on SBS participants which could potentially be reduced through the implementation of a cap on the SBS tariff. As proposed, the initiatives of the Bill may have the following potential negative consequences:

- creating a disincentive for the purchase of batteries;
- impacting their ability to provide renewable energy to their home through batteries; and
- impacting SBS participants from forming part of a 'virtual power plant' system.

¹ Queensland Productivity Commission, *Final Report: Electricity Pricing Inquiry*, 31 May 2016, 165.

Clause 5 – Potential negative impacts on SBS participants/battery uptake rates that may be avoidable

Clause 5 introduces new subsections 44A(1A)(a), (b) and(c) to the *Electricity Act 1994* (Qld) (**EI Act**) which limit the ability of SBS participants to install more generators or a battery in a way that enables the devices to supply electricity during the day to meet the participants energy needs. SBS participants that require further generators or a battery to meet their household energy needs, and to prevent the need for utilising electricity from the grid during the day, may therefore no longer have an incentive to purchase one of these devices.

This would be an unfortunate outcome of the Bill. Given that rooftop solar is now Queensland's biggest power generator as of April 2017, solar power is clearly the primary energy source Queensland needs to support and maximise benefit from. Allowing Queenslanders who are still connected to the grid to create sufficient energy to meet their needs, through utilising batteries and sufficient generators, will help to improve energy security for all Queenslanders.

These Queenslanders will be prevented from supporting exciting and progressive initiatives such as the 'virtual power plant' being trialled by AGL, connecting 1000 batteries to create a power plant charged by solar panels.² Initiatives such as these are leading the way in assisting Australia to move to reliable, clean energy in the short term future which prevents dangerous climate change. We need to do all we can to support these initiatives.

Recommendation: Further consideration of the cap on SBS payments as alternative solution

We suggest that the Committee recommends that further consideration be given to the imposition of a cap on the level of energy exported that is eligible to receive the SBS payment. The cap could be imposed if a battery or additional generator is installed, and would mean SBS participants are only paid for the amount they export to the grid, up to the cap level. This was considered superficially in the QPC Report, however it was not recommended due to the potential cost of implementation.³

It is true that there may be administrative burdens involved with determining a fair cap for each SBS participant that is reflective of their actual use. However, there are methods to reduce this burden, such as utilising an average cap for each generator capacity level. This will reduce administrative costs of the cap, provide for the benefit of avoiding the exploitation of the SBS through the use of batteries or extra generators, and not interfere with the ability of the SBS participant to utilise batteries or extra generators for their energy needs during the day.

We therefore recommend that the true costs and benefits of this option be further investigated. This method could remove the unintended negative impacts of the proposed method in the Bill, which may create a disincentive to SBS participants in installing batteries or improving their systems.

The recent Independent Review into the Future Security of the National Electricity Market by Dr Alan Finkel AO recommends incentives are provided to encourage the installation of batteries as a key method of improving our energy security and reliability.⁴ Every effort must be taken to ensure we are promoting the smooth, fair transition to a reliable renewable energy system.

² Read more on this initiative here: <https://aglsolar.com.au/power-in-numbers/>

³ Queensland Productivity Commission, *Final Report: Electricity Pricing Inquiry*, 31 May 2016, 163.

⁴ Commonwealth of Australia, *Independent Review into the Future Security of the National Electricity Market: Blueprint for the Future*, 2017, 191-192.

Please do not hesitate to contact us if you have any questions or would like to discuss this matter further.

Yours faithfully
Environmental Defenders Office (Qld) Inc



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