

Submission

26 February 2018

Committee Secretary
State Development, Natural Resources and Agricultural Industry Development Committee
Parliament House
George Street
BRISBANE QLD 4000

Email: sdnraidc@parliament.qld.gov.au

Dear Sir/Madam

Re: Electricity and other Legislation (Batteries and Premium Feed-In Tariff) Amendment Bill 2018

The Queensland Farmers' Federation (QFF) is the united voice of intensive agriculture in Queensland. It is a federation that represents the interests of peak state and national agriculture industry organisations, which in turn collectively represent more than 13,000 primary producers across the state. QFF engages in a broad range of economic, social, environmental and regional issues of strategic importance to the productivity, sustainability and growth of the agricultural sector. QFF's mission is to secure a strong and sustainable future for Queensland farmers by representing the common interests of our member organisations:

- CANEGROWERS
- Cotton Australia
- Growcom
- Nursery & Garden Industry Queensland (NGIQ)
- Queensland Chicken Growers Association (QCGA)
- Queensland Dairyfarmers' Organisation (QDO)
- Burdekin River Irrigation Area Irrigators Ltd (BRIA)
- Central Downs Irrigators Ltd (CDIL)
- Bundaberg Regional Irrigators Group (BRIG)
- Flower Association
- Pioneer Valley Water Cooperative Ltd (PV Water)
- Pork Queensland Inc.
- Queensland Chicken Meat Council (QCMC)
- Queensland United Egg Producers (QUEP).

QFF welcomes the opportunity to provide comment on the Electricity and other Legislation (Batteries and Premium Feed-In Tariff) Amendment Bill 2018 (the Bill). QFF provides this submission without prejudice to any additional submission provided by our members or individual farmers.



QFF understands that the Bill enables the effective implementation of a new national regulatory framework for retail competition in embedded electricity networks which commenced on 1 December 2017; and allows residential and small business customers in regional Queensland to have the option to return to Ergon Retail, if at a property that has switched to a private retailer.

Embedded Electricity Generation

QFF understand that the Australian Energy Market Commission's (AEMC) National Electricity Amendment (Embedded Networks) Rule 2015 (Cth) updated the National Electricity Rules to enable access to retailer of choice for embedded network customers and changed the rights and obligations of embedded network operators and embedded network customers relating to the supply of electricity. However, in Queensland there remains an inability for embedded network customers to contract with a retailer of choice unless the customer was directly connected to the external distribution network. QFF has received anecdotal evidence of grid-connection difficulties for small generators, particularly in regional Queensland.

QFF understands that the *Electricity Act 1994 (Qld)* currently restricts embedded network customers from accessing offers from electricity retailers unless there is a direct connection with the electricity distribution network. Because of this, most embedded network customers are only able to purchase electricity from the embedded network operator who acts as the on-seller of electricity having purchased that electricity in bulk from an electricity retailer.

QFF welcomes the proposals outlined in the Bill as it should, theoretically, allow for embedded network customers to have the ability to choose the products, services and provider of electricity retail products. Please note, due to QFF's concerns regarding the practical application of the amendments proposed under the Bill, particularly under the monopoly retailer in regional Queensland, QFF and its partners have recently submitted a research funding proposal to Energy Consumers Australia (ECA) to investigate the benefits and barriers to regionally embedded generation.

The project will seek to understand, document and provide clarity on how to better align farmer and network business interests in relation to grid-connected on-farm generated energy. It will:

- identify and document the challenges and obstacles experienced by irrigators/farmers who have installed renewable energy generation assets on farm and tried to feed excess energy generated back into the grid (retrospective analysis)
- analyse and assess network business decision processes and assessing these connection applications with regard to technical/operational and process barriers that limit irrigators/farmers from feeding on-farm generated energy back into the grid
- assess the expected implications of new Chapter 5 amendments to the National Electricity Rules to assist embedded generators under 5MW to connect to the electricity distribution network
- identify and communicate possible future opportunities with the network distribution businesses for renewable energy projects throughout rural Queensland and NSW with the view to better aligning farmers and network business' interests (prospective analysis)

If successful, the research results are expected to highlight the effectiveness of the 2014 AEMC rule change that amended Chapter 5 of the National Electricity Rules which permitted embedded generation under 5MW to connect to the electricity distribution grid (i.e. regulatory analysis). QFF and its partners will share the outcomes from the proposed research in the public domain.

Non-Reversion Policy

QFF strongly supports the removal of the non-reversion policy for households and small business customers, permitting customers to return to the non-competing government-owned retailer, Ergon Retail.



QFF strongly supported Draft Recommendation 35 in Queensland's Productivity Commission Pricing Inquiry Draft Report, that the 'non-reversion' policy should be removed from the *Electricity Act 1994* and the restriction on Ergon Energy (Retail) competing to retain existing customers should be removed; (see QFF's submission to the Queensland's Productivity Commission Pricing Inquiry Draft Report on 11 March 2016 at <https://www.qff.org.au/advocacy/submissions/>).

However, QFF notes that the Bill does not include 'large customers' (those over 100MW). This is an omission and may result in perverse outcomes. The non-reversion policy must be accessible to all customers.

Please note that QFF also called for the revision of the 100MWh delineation for larger customers, which is leading to perverse network outcomes, in its QPC submission. 'Large customers' cover a wide variety of customers with energy consumption typically greater than 100MWh per year who are not otherwise classified as an Individually Calculated Customer (ICC energy use more than 40GWh pa), Connection Asset Customers (CAC energy use more than 4GWh pa) or Embedded Generator (EG). QFF requested the revision of the large-customer categorization to 160MWh for all users which aligns with the large-customer categorisation in New South Wales.

If you have any questions regarding this submission please contact [REDACTED]

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Travis Tobin', written in a cursive style.

Travis Tobin
Chief Executive Officer