

Energy (Renewable Transformation and Jobs) Bill 2023

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Powerlink Queensland

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Submission to the Transport and
Resources Committee Inquiry

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Introduction

Powerlink is a leading transmission network service provider (TNSP), providing electricity to more than five million Queenslanders and 253,000 businesses. Our transmission network extends 1,700 kilometres from Cairns to the New South Wales border and comprises 15,345 kilometres of transmission lines and 147 substations. Consistent with its government ownership mandate, Powerlink's purpose, strategy and major transactions all have a common objective of "serving Queenslanders".

In September 2022 the Queensland Government released the Queensland Energy and Jobs Plan (QEJP) and the Queensland SuperGrid Infrastructure Blueprint (Blueprint). Powerlink worked closely with the Queensland Government, particularly the Department of Energy and Public Works (EPW), for more than twelve months providing technical expertise and guidance on network planning and other transmission-related topics.

The QEJP applies a whole-of-system planning approach, setting out the pathways and targets that will facilitate a low carbon economy in the future and ensure an orderly, least cost transformation of Queensland's power system.

In implementing the decarbonisation of the electricity sector outlined in the QEJP, Powerlink will have an enhanced role in:

- Developing new Renewable Energy Zones (REZs)
- Connecting the firming resources, in particular pumped hydro energy storage
- Upgrading the transmission backbone network.

The delivery of the QEJP will see Powerlink's network undergo a fundamental change in its design and operations over the coming years. It will be a profoundly different system and the experience to date will not be representative of the future.

This requires a significant increase in our construction activity and further elevates the importance of developing and maintaining a positive social licence to operate, as well as delivering strong social performance in impacted communities. Powerlink continues to improve its capabilities in these important areas.

The Energy (Renewable Transformation and Jobs) Bill 2023 (the Bill) gives legislative effect to several elements of the QEJP and provides a legal framework for Queensland's renewable energy transition. EPW has consulted closely with Powerlink in the development of the legislation.

The decarbonisation of the electricity sector will require TNSPs to change the way they operate their networks and how they assist in bringing on more renewable generation. Other states within the National Energy Market (NEM) have separated the network planning, REZ planning and connection functions creating duplication and putting a strain on a limited pool of resources and expertise. Powerlink has maintained these functions in-house. This puts Powerlink in a unique position within the NEM enabling streamlined processes, effective allocation of resource and industry expertise, minimising duplication and providing a single point of contact for future connecting (renewable and firming/flexible) generation developers and large customer loads.

Recent evolutions of the National Electricity Rules (NER) and Australian Energy Regulator (AER) Guidelines has seen more stringent requirements around the provision of different types of services, placed on TNSPs. These are not well suited to coordinating the scale of the transformation underway and do not serve Powerlink's role in delivering the objectives of the QEJP. The Bill makes sensible amendments to enable Powerlink to maintain its ability to design, build and operate its network in order to serve the best interests of Queenslanders.

Social Performance

While not specifically addressed within the Bill, Powerlink understands the need for comprehensive and honest engagement with landholders, Traditional Owners, the community and other stakeholders during all stages of transmission development, construction, operation and maintenance. Powerlink has delivered more network connections on a commercial basis for customers than any other transmission company in Australia and in the last 20 years has built over 2,000 kilometres of new transmission lines.

The lessons learnt from our community and landholder engagement practices in the early 2010s arising from Coal Seam Gas connections in the Surat Basin drove a significant maturity in our engagement procedures and processes, including the establishment of our Landholder Relations team and developing our standards and commitments for land access and landholder engagement. Since 2016 Powerlink has registered 180 easements for transmission corridors across several projects and has only been required to use compulsory acquisition powers for one of these easements, with the remaining 179 registered via negotiation.

We recognise the need to continually review and improve our community engagement practices. In 2022, Powerlink conducted a review of our landholder payments for hosting transmission infrastructure. Guided by input from key stakeholders, including representatives from local government, agricultural groups, energy user advocates and consumer groups, a new landholder payment framework was developed and took effect from May 2023.

The SuperGrid Landholder Payment Framework significantly boosts payments to landholders hosting transmission infrastructure on their properties. The framework also introduces payments to adjacent landholders making Powerlink the first transmission company in Australia to do so.

Powerlink understands that we have an ongoing impact on landholders and communities and therefore have a responsibility to provide lasting community benefits. The recently announced SuperGrid Telecommunications Program is one way in which we are able to provide such benefits. The program is a joint initiative between Powerlink and our subsidiary Queensland Capacity Network (QCN) to improve access to high-speed internet and mobile phone coverage to regional areas hosting transmission infrastructure.

Renewable Energy Targets

Operating a transmission network with high levels of variable renewable energy presents new challenges for TNSPs. An orderly transition will rely on coordinating the timing of the transmission development with reductions in coal-fired generation, connection of sufficient amounts of new renewable generation with (flexible) firming and storage to serve customers reliably and cost-effectively and maintain a stable power system. The QEJP and the Renewable Energy Targets within the Bill help to provide market certainty and allow Powerlink to effectively manage the transition to a more complex and dynamic power system.

SuperGrid Infrastructure Blueprint and Priority Transmission Investment Framework

The consideration of efficient transmission investment for each stage of development cannot be made in isolation of the overall plan set out in the SuperGrid Infrastructure Blueprint.

The Priority Transmission Investment (PTI) framework provides a way to retain the cost-benefit approach of the Regulatory Investment Test for Transmission (RIT-T) under the NER, thereby identifying the lowest-cost solutions to meet the needs and timing requirements in the Infrastructure Blueprint. A key advantage of the PTI process, unlike the RIT-T, is that it does not

require all elements in the Blueprint to be fully committed before making a transmission investment decision on a specific PTI project. Thus, benefits that are expected to be realised with subsequent stages, or critical, commercially sensitive information, may be recognised within the PTI assessment. Powerlink anticipates that the PTI framework will enhance Powerlink's ability to deliver critical backbone infrastructure faster than under the existing RIT-T process.

Powerlink supports an open and transparent process for application of the PTI framework but notes that certain commercially sensitive information may need to remain confidential throughout the assessment and consultation process.

Renewable Energy Zones

Powerlink notes the Bill enables the Queensland Government to implement its commitment to develop clean energy infrastructure in Queensland through a coordinated, market-led model which promotes the appropriate allocation of risk and costs between developers, networks and customers.

Powerlink supports this view with a REZ approach that delivers benefits to generators, customers and communities. REZs allow Powerlink to optimise how and where renewable generation is connected and integrated within the existing system to achieve renewable energy targets at least overall cost to customers.

The REZ approach also facilitates efficient network connection and speed to market for Powerlink's generation customers.

Powerlink acknowledges that it has two distinct roles to play under the new Bill:

1. Powerlink in its nominated capacity as the Transmission Network Service Provider (TNSP) for a REZ, will build, own, operate and maintain the REZ transmission network and connect eligible entities and projects to the REZ transmission network
2. Powerlink is anticipated to be appointed as the REZ Delivery Body (RDB) and as such will be responsible for performing the functions of the RDB as described in the Bill.

Powerlink looks forward to working with the Queensland Government to support community engagement, the development of REZ readiness assessments, and coordinated community investment funding.

Job Security Guarantee and Energy Industry Council

The Bill includes provisions to assist workers impacted by the energy transformation through the establishment of the Job Security Guarantee Fund and the Energy Industry Council. As the delivery of the QEJP requires the construction and the ongoing operation and maintenance of approximately 2,000 additional kilometres of high-voltage transmission infrastructure, Powerlink will need to continue to grow its workforce and where appropriate support the transition of affected energy workers. Powerlink is represented on the Interim Energy Industry Council and is a party to the Queensland Energy Workers' Charter. We will continue to work through these forums to provide appropriate assistance and opportunities to affected energy workers.

Conclusion

Powerlink has collaborated extensively with EPW in the development of the Bill and is confident it will facilitate a successful energy transformation for Queensland. The Bill provides suitable regulation-making powers to clarify specific arrangements for the energy sector. Powerlink will continue working closely with EPW as these regulations are developed.

We thank the Committee for the opportunity to provide a submission.