Energy (Renewable Transformation and Jobs) Bill 2023

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Energy (Renewable Transformation and Jobs) Bill

The Australian Energy Council ('AEC') welcomes the opportunity to make a submission to the Transport and Resources Committee's inquiry into the *Energy (Renewable Transformation and Jobs) Bill* ('Queensland Energy and Jobs Plan').

The Australian Energy Council is the peak industry body for electricity and downstream natural gas businesses operating in the competitive wholesale and retail energy markets. AEC members generate and sell energy to over 10 million homes and businesses and are major investors in renewable energy generation. The AEC supports reaching net-zero by 2050 as well as a 55 per cent emissions reduction target by 2035 and is committed to delivering the energy transition for the benefit of consumers.

The AEC has previously expressed support for the Queensland Energy and Jobs Plan as a policy that is suitably tailored to the circumstances of Queensland's predominantly government-owned electricity market. Although there is no guaranteed optimal pathway to a lower carbon grid, having clear checkpoints at least provides government, industry, and the community with the ability to monitor progress. On that front, it is promising to see that the latest Emissions Projections 2023 place Queensland on track to reach a 57 per cent renewable share of electricity generation by 2030, exceeding its 50 per cent target.[1]

Of course, Queensland's electricity market is part of the National Electricity Market ('NEM') and achieving least-cost decarbonisation cannot occur in isolation. It will require coordination with other states, the Federal Government, the Australian Energy Market Operator ('AEMO') and other key bodies. To that extent, there is an opportunity here for this Committee inquiry to contemplate how the Queensland Energy and Jobs Plan will interact with the Federal Government's recent announcement of the expansion of the Capacity Investment Scheme ('CIS').

Interaction with CIS Expansion

On 23 November, the Federal Government announced that the CIS would be expanded to support 32GW of projects by 2030 – 9GW allocated to storage and 23GW allocated to variable renewable capacity. This policy will not be legislated and instead rolled out through the Federal Government negotiating Renewable Energy Transformation Agreements ('RETAs') with each state. These RETAs will be subject to the states meeting certain conditions.

These conditions will consider state circumstances so, to that extent, should incorporate existing energy and climate policies like the Queensland Energy and Jobs Plan. Nonetheless, there are parts of this Plan that might positively or negatively impact the ability of Queensland to leverage the CIS scheme for its renewable energy buildout.

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[1] Department of Climate Change, Energy, Environment, and Water, 'Emissions Projections 2023', November 2023, p41.

Firstly, there is the eligibility of government-owned corporations (‘GOCs’) to participate in the CIS. If GOCs are not eligible, then it should be considered how either hybrid ownership or private ownership could participate without being constrained by the requirement for 54 per cent government-owned generation.

Secondly, the Bill is appropriately technology-neutral, with Queensland leaving open all technology options so long as they align with the renewable energy targets. The Plan goes into more detail about what technology make-up Queensland foresees and includes an intent to build “up to 3,000MW of new low-to-zero emission gas-fuelled plant to cover dunkelflaute conditions”.[2] This assessment aligns with AEMO’s [Integrated System Plan](), which says there is a “critical need” for about 10GW of gas-powered generation to “complement battery and pumped hydro generation in periods of peak demand, particularly during long ‘dark and still’ weather periods ... cover for planned maintenance of existing generation … [and] provide essential power system services to maintain grid security and stability”.[3]

Nonetheless, the federal CIS scheme does confine eligible technologies to only renewable capacity or storage. This means gas-powered generation projects, even though designed to provide dispatchable capacity to accelerate coal-fired power station closure, will not be eligible. There may be an opportunity, however, for Queensland in its bilateral negotiations with the Federal Government to include commitments to gas-powered generation if it supports maintaining reliability standards and/or managing a smooth energy transition. This could position Queensland favourably in relation to other jurisdictions who have ruled out gas-powered generation to meet the RETA commitments, potentially opening the opportunity for a larger proportion of CIS-funded projects.

Finally, while the AEC understands the impetus to enshrine Queensland’s renewable energy targets in legislation, it will make future revisions difficult. Revisions to the targets might occur either as an outcome of a future statutory review (as per section 12) or because of a condition in the RETA to increase renewable ambition to assist the Federal Government’s 82 per cent target. The Committee could consider whether it wants to insert a clause that makes the renewable energy targets in section 9 “subject to public announcement” (or something to that effect) or placed in regulation, so they can be ratcheted up easier than through legislative amendment.

Job Security Guarantee Fund

The Queensland Government has since published its Clean Energy Workforce Roadmap and Future Energy Jobs Guide to complement the rollout of the Job Security Guarantee Fund. These are important and genuine policy actions to support workers affected by the energy transition but are mostly focused on renewable energy careers.

The Committee should also consider how the Fund and supporting policies can be used to help existing businesses with fossil fuel generation to continue to attract skilled workers. The planned closure dates of coal-fired generation, along with the well telegraphed transition to clean energy, reduces the ability of legacy assets to attract new and skilled workers. This is expected to become a bigger problem as coal generators reach their closure date and tend to face greater technical issues. If the skill shortage does grow, it could impact the ability of these legacy assets to smoothly operate in their final years.

To address this, the Fund could provide similar protections for prospective skilled workers (i.e. those still studying or in another industry) that subsequently choose to work at a legacy asset to facilitate the transition. The Bill does not presently capture this, with the definition of ‘affected energy worker’

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[2] Department of Energy and Public Works, ‘Submission to Transport and Resources Committee: Briefing Paper’, 8 November 2023, p75.

[3] AEMO, ‘2022 Integrated System Plan’, June 2022, p11.

(section 86) confined to existing or past employees. Including a clause to the effect of "attracting prospective skilled workers to a public coal-fired power station" could therefore be considered. Alternatively, the Government could provide incentives through another policy mechanism.

Any questions about this submission should be addressed to Rhys Thomas, by email [redacted]

Yours sincerely,

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