

Energy (Renewable Transformation and Jobs) Bill 2023

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11 December 2023

Mr Shane King MP
Chair, Transport and Resources Parliamentary Committee
Parliament House
George Street
Brisbane Qld 4000
Email: trc@parliament.qld.gov.au

Dear Mr King MP

Thank you for the opportunity to provide a submission to the Transport and Resources Parliamentary Committee on the *Energy (Renewable Transformation and Jobs) Bill 2023* (the 'Energy Bill').

The Queensland Renewable Energy Council (QREC) is a recently established, not for profit organisation, focused on providing policy leadership and advocacy on matters relating to the development and operation of large-scale renewable energy projects in Queensland. We act in the best interests of our members and connecting stakeholders to build a clean, reliable and affordable energy future where Queensland communities prosper.

Queensland is the only jurisdiction in Australia to formalise plans to transition our traditional coal and gas dominated energy systems to the majority of generation by renewable energy. The Energy and Jobs Plan released in September 2022 set target timeframes for this transition and this has provided a level of certainty to communities and industry of Queensland's energy future. QREC supports the Energy Bill as another step towards the certainty needed to secure future investment into Queensland.

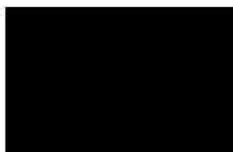
We support the intentions of the Energy Bill to set the following frameworks:

- Queensland's Public Ownership Strategy and powers for transmission;
- Queensland Renewable Energy Zones;
- Secure and advocate jobs for energy workers.

QREC appreciates that while the Energy Bill establishes the framework and legislative authority for achieving the renewable energy transition, QREC understands there is further detail to be developed under the Regulations and associated materials.

I look forward to discussing the details of our submission and further engagement on the matters raised. The QREC contact on this submission is Andrew Brier, who can be contacted on [REDACTED] or [REDACTED].

Sincerely,



Katie-Anne Mulder
Chief Executive Officer
Queensland Renewable Energy Council



Queensland's Renewable Energy Industry

Queensland is traditionally known as a pioneer State, with some of the first large scale renewable energy developments in the country, including –

- MacIntyre Wind Farm, Australia's largest onshore wind development.
- Weipa Solar Farm, the largest solar facility at an Australian off-grid site supplying reliable and affordable energy to Rio Tinto's bauxite mine.
- Townsville Electrolyser Facility, Australia's first electrolyser manufacturing facility developed by Vecco Group.

Over 20 per cent of Queensland's current electricity market is sourced from renewable energy, with targets in the Energy Bill set for 80 per cent by 2035. To put this into context relating to regional economic opportunity, Queensland will need to secure an eight-fold increase in projects to what is already in operation and under construction.

Queensland and Australia's energy system transition is ever evolving, providing unique policy and legislative challenges to ensure our frameworks remain current and are adequate to give certainty and confidence to consumers and investors as well as flexible enough to promote technological advances and innovations. While Queensland's Energy and Jobs Plan and the Energy Bill provide a sound foundation, it should not be a plan of stasis. This is especially important given Queensland's increasing uptake of rooftop solar and home batteries, the unknown impact of electric vehicles on the network and advances in large-scale battery technology.

As well as the targets outlined in the Energy Bill, renewable energy will also play a leading role in the resources sector achieving its decarbonisation targets with a strong inverse relationship in supplying the ingredients, such as zinc and aluminium, to produce the infrastructure needed to build our renewable energy sector.

This is a once in a lifetime regional economic opportunity for Queensland. It will require a balanced approach to manage competing land uses with Queensland's primary industries to provide certainty to investors and the community through clear and predictable goal posts for development.



QREC detailed comments on the Energy Bill

Purpose of the Act (s.3)

QREC supports the purpose of the Act, in particular *'to increase renewable energy generation in a safe, secure, reliable and cost-effective way.'*

QREC also supports suggestions made by other industry bodies to include a fourth sub-section 3(d) *"maximising local supply chain opportunities to deliver, service and maintain the new SuperGrid and the associated investments being made in the Queensland Renewable Energy Zones (QREZ)."*

Renewable Energy Targets (s.9) and review (s.12)

QREC is supportive of legislating the renewable energy targets, providing a level of certainty to the industry and the community of the government's ambitions and supporting policies that will look to underpin it.

QREC questions the intention of the review of the renewable energy targets every five years. Assuming the Energy Bill is passed in 2024, the five-year review will fall in the year 2029, this is one year prior to the 2030 review set out in section 12(3) where there is a subsequent review of the renewable energy targets.

QREC suggests removing the review mechanism, as it is of little consequence, especially given any change to the renewable energy target or extension would require legislative amendment in order to take effect. Rather, QREC suggests a key role and function of the Queensland Energy System Advisory Board is to review the continued suitability of the renewable energy targets annually (as in section 94(a)) with the overarching intent to evaluate the targets against the purpose of the Act *'....to deliver in a safe, secure, reliable and affordable way.'* QREC is of the strong view that while the renewable energy targets are crucial to signal the intentions and ambitions of the government, the energy nexus of affordability, reliability and security must be maintained throughout the transition and findings of any review made available to the public. While a review in this context is supported, QREC believes that it is important to the energy transition that the renewable energy targets remain firm and stable and should only be amended for an increase in the targets. QREC offers further comments on the role of the Queensland Energy System Advisory Board later in this submission.

Public Ownership Strategy (s.13)

While the overarching public ownership model is understood, QREC suggests implementation of public ownership targets by 2035 may limit access to private capital and reduce market competitiveness for both transmission and generation infrastructure. QREC is supportive of the government's approach to maintain ownership as a portfolio, rather than prescribed ownership with each individual project.

QREC supports the establishment of targets for public ownership but recommends the timing and targets themselves be subject to periodic review (rather than the renewable energy targets be subject to review). While QREC is supportive of the government's ownership intentions, it is QREC's view this must be reviewed regularly in the context of maintaining the nexus of affordability, reliability and security of the energy system against meeting the renewable energy targets. This is an important review point that must be part of the roles and functions of the Queensland Energy System Advisory Board, as meeting the renewable energy targets and achieving the desired public ownership levels are intrinsically linked, having the potential to propel Queensland forward or limit our progress in the transition.

The *Public Ownership Strategy* as presented in the Energy Bill should include a requirement to describe how the State proposes to achieve and maintain the renewable energy targets (as well as outline the intended timeframes and methodologies by which this will be achieved) in consideration of the parallel need to ensure the required level of investment and development occurs to support delivery against the targets themselves.

As part of this consideration, QREC would encourage the exploration of hybrid and alternative government ownership models to leverage the government investment through partnering with the private sector. Such models could potentially include long-term contracts to government owned corporations (GOC's) and the privately funded local development of transmission infrastructure that may be wholly contained within a REZ (as opposed to inextricably linked to the main transmission network).

Joint ownership models with other levels of government, such as the Federal and Local governments may also merit consideration, under the Capacity Investment Scheme or otherwise, in order to obtain maximum benefit from Queensland Government investment and to ensure that the energy transition is achieved in an efficient and orderly way. Ideally, government investment would unlock opportunities that might not otherwise be available and would assist in increasing market investment and addressing any system needs required to enable further growth.

QREC proposes the following amendments to the definitions provided under section 13.

1. *Definition of deep storage assets*

The Energy Bill defines 'deep storage assets' as for "*pumped hydro energy storage that are -*

(a) capable of generating at least 1,500MW for 24 hours; and

(b) prescribed by regulation"

QREC understands this definition is intended to capture Borumba and Burdekin pumped hydro projects, however has a potential unintended consequence of limiting future investment in further significant system firming projects by private companies. Private investment is likely to be encouraged as a result of the recent expansion of the Capacity Investment Scheme to all jurisdictions with a particular focus on system firming projects. As such, QREC suggests that in order to provide maximum flexibility in relation to future investment in firming projects, this section of the Bill should be amended such that the definition of deep storage assets only applies to projects that are prescribed by regulation. Additional criteria regarding government ownership may be considered.

2. *Generation assets*

QREC notes generation assets that are predominantly used to generate electricity for conversion to a form of energy suitable for export and prescribed by regulation, e.g. green hydrogen, are not intended to be captured under the Public Ownership Strategy.

Renewable Energy Zones (REZ)

A key focus of the Energy Bill is on the assessment and declaration of REZ's and ensuring that the necessary priority transmission investment occurs to support the REZ development.

Further clarity is required about who can propose a REZ. Section 44 states '*This subdivision applies if a REZ delivery body is proposing to recommend to the Minister that a part of Queensland be declared to be a REZ*', however it is unclear how the REZ body determines a REZ. As an example, can a private company or local government mayor suggest to a REZ delivery body that a REZ/REZ assessment would be beneficial?

QREC would also welcome additional clarity regarding how connections and capacity in REZ's will be allocated and managed, noting that privately funded projects could be competing with government owned corporations for connection. Further clarity on the cost recovery framework for the REZ transmission network would also be beneficial.

1. Management Plans

There is little information available as to how generation projects within REZ's will be selected or prioritised. It is acknowledged that section 41 outlines a requirement for identifying the renewable energy sources in a REZ but there is limited information available as to what processes are intended to apply to generation project selection, assessment and prioritisation within these zones. QREC would welcome further consultation and engagement in this regard.

Section 42 outlining the information on transmission to be included in the Management Plan should also include an existing transmission network that is a designated network asset (DNA) service. The drafting should be consistent with section 62(4) under ***Existing rights to receive DNA services***.

2. Amendment of the Management Plan (s48)

While QREC supports the circumstances in which a management plan can be amended, QREC recommends section 48(2)(a) through (d) be shifted to the Regulations to remove the risk of limiting the future circumstances that may be required to amend a management plan. This will be particularly important if the definition of 'eligible entity' remains in the legislation.

QREC also recommends amendments to a management plan should be subject to consultation at all times.

3. Consultation on the Draft Management Plan (s46)

QREC strongly recommends the use of maximum statutory timeframes (i.e. 30 business days) to compile stakeholder feedback and made available be incorporated into this section.

4. REZ Assessment (s49)

This section attempts to detail the impacts of the REZ. QREC suggests removal of examples of impacts as it seems incomplete, non-exhaustive and subject to future amendment to meet community expectations. QREC recommends (i) needs to be split into two separate items and the section wholly shifted to the Regulations.

- (i) *infrastructure and land use; and*
- (ii) *Aboriginal peoples, Torres Strait Islander peoples and other communities;*

5. When a REZ stops being a REZ (s82)

QREC suggests this section requires additional definition surrounding the transitional provisions and arrangements that may be required in 10 years. Most projects have a life of 35 years or more, therefore understanding the investment environment for the life of the project is important.

REZ Delivery Body (Part 6, Division 7)

The appointment of a REZ delivery body is supported by QREC. QREC would like to see this role further expanded as a body (or statutory body/authority) able to coordinate and drive delivery and execution of transmission and generation projects within, and in support of, an established REZ. One of the lessons of the Coal Seam Gas (CSG) industry was the inefficient, and at times, ineffective coordination efforts required to manage a range of matters for an emerging industry across multiple government departments. There is a risk of history repeating without a clear ‘front door’ approach to the assessment, development and management of Queensland’s planned twelve REZ’s.

QREC sees the absence of a coordinating entity across the relevant government departments as an impediment to the development of the renewable energy industry in Queensland. There is potential for such a body to assume the coordination and project delivery/facilitation role in addition to the functions proposed for the REZ delivery body.

Queensland Energy System Advisory Board (Part 8)

QREC supports the establishment of the Board and its functions. As outlined under the Public Ownership Strategy, QREC further suggests the Board’s functions (section 76) are to include the public ownership strategy in its review of the renewable energy targets. As previously outlined, given Queensland’s proposed ownership structures and declining private investment in renewable energy projects to date across Australia, this is an important market model that needs to be continuously analysed and reviewed as we transition.

QREC suggests sections 98 to 121 be moved to the Regulations. These sections are essentially terms of reference for the Board and, for ease of review and amendment within the Board’s decade long term, would be best placed in Regulations.

QREC recommends the Board composition provides for a representative that has the *‘knowledge, qualifications or skills in relation to advocacy or support for generators of energy.’*

Job Security Guarantee

QREC supports the job security guarantee to provide certainty to affected energy GOC workers, prescribed energy works and affected energy contractors.



Energy Industry Council

QREC supports the establishment of the Energy Industry Council. Similar to the recommendation of the Board, QREC recommends the Council's composition be expanded to include a representative with the *'knowledge, qualifications or skills in relation to advocacy or support for public generators of energy.'*

Similar to comments made regarding sections 98 – 121 for the Board, QREC recommends the corresponding sections relating to the Council also be moved to Regulations (sections 138-151).

Renewable Energy Jobs Advocate (Part 10)

QREC is supportive of the appointment of a Renewable Energy Jobs Advocate and suggests the functions of this role could be made more explicitly outlined under section 155 to include building local business and manufacturing capability. Building local capability is a prerequisite for providing local jobs in the regions and in particular for First Nations people where research shows a higher jobs uptake where the business is a First Nations business.

Review of the Act (s176)

As mentioned earlier in this submission regarding the review of the Public Ownership Strategy, a five-year review from commencement of the Act would be in 2029. This timeframe seems too late to make meaningful changes if needed. QREC suggests a two year review (2026) from commencement, then four years (2030).

Matters outside the scope of the Energy Bill

The Energy Bill is silent on competing land uses and the potential for conflict in this regard. QREC's operating methodology is to collaboratively work with all stakeholders, including agricultural peak bodies and communities, in ensuring the sustainable development of the renewable energy industry. At differing times and in a variety of forums, agriculture, renewable energy development, critical minerals development and various resource activities have all been described as 'priority land uses'. There is a considerable degree of uncertainty amongst stakeholders in relation to the issue.

While QREC supports a collaborative approach to development and believes early and ongoing engagement is a key factor in avoiding and resolving potential conflict, QREC would also welcome further government engagement and consideration of the issue. How competing land uses are managed within a REZ will be particularly important if the renewable energy targets are to be achieved.

QREC is also making a submission to the *Coexistence Institutions & CSG-Induced Subsidence Management Framework* consultation paper and will be happy to provide this to the Committee once submitted.