

Energy (Renewable Transformation and Jobs) Bill 2023

Submission No: 43
Submitted by: LGI Limited
Publication: Making the submission and your name public
Attachments: See attachment
Submitter Comments:



8 January 2024

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

Dear Transport and Resources Committee,

Submission to Queensland Energy (Renewable Transformation and Jobs) Bill 2023

LGI Limited is pleased to make this submission to the Queensland Parliament Transport and Resources Committee, in relation to the planned Energy (Renewable Transformation and Jobs) Bill 2023.

Introduction

LGI Limited (ASX:LGI) was established in 2009 as a Queensland based and operated leader in carbon abatement and renewable energy generation. We specialise in extracting biogas from landfills and combusting it to abate carbon and create dispatchable and renewable power. We operate a portfolio of 26 projects in Queensland, New South Wales and the Australian Capital Territory.

We are committed to a clean energy, zero carbon future and our work is expediting the transition to renewables and abating carbon reliably, effectively and commercially.

<https://lgi.com.au/what-we-do/>

Policy objectives

LGI is strongly in favour of the policy objectives of the Bill, especially in relation to creating “certainty and confidence in Queensland’s energy transformation” and supporting “coordinated, efficient investment and delivery of renewable generation”.

The Bill places significant emphasis on addressing large-scale renewables and dispatchable capacity, which are important components of the energy transition. Distributed energy resources, initially in the form of rooftop solar (being ~20% of generation in Queensland) and increasingly battery storage, electric vehicles, etc., will also be a significant component of transition. As a result, we believe that renewable generation and storage connected to the distribution network will play a substantial role.

These energy sources connected to the distribution network are able to be brought online quickly and cost-efficiently to provide additional momentum to the transition, and create an avenue for the private sector to invest in parallel with the public sector to achieve the policy objectives outlined in the Bill.

Therefore, we believe the Bill should also consider smaller scale (sub 30MW, in particular 1-5MW sized projects) opportunities to contribute to the emissions reduction and renewable energy objectives by establishing targets for dispatchable renewable energy and storage connected to the distribution network. A target of [1GW] would provide clear direction to the private sector, distribution companies and encourage new investment in these important technologies. LGI alone has a pipeline in Queensland of 40MW of such projects and we believe the target could be achieved within the next five years with the appropriate policy settings and grid connection process.

LGI has seven renewable power projects in Queensland connected to the distribution network in regional and suburban areas close to demand centres, thus reducing the requirement for power from the transmission grid. Our projects are fuelled with biogas from Council-owned landfills, and assist Councils to reduce their carbon footprint by 60-80%. As well as producing renewable power, they immediately and permanently reduce carbon emissions.

While most larger Councils have gas extraction systems on their landfills, many regional Councils lack the awareness and resources to procure landfill gas extraction systems, even though LGI offers a no cost option through which we pay for the system and provide Councils with a share of revenues from Australian Carbon Credit Units (ACCUs) and renewable power sales. If more Councils were motivated to install landfill gas extraction systems, without impacting the ability for ACCUs to be generated from the projects, this would enable more energy projects on the distribution system to be developed within the next five years.

In our view, the policy objectives of the Bill could be achieved more quickly if it addressed how the State Government could facilitate Councils to adopt best practice landfill gas recovery to meet their own decarbonisation obligations and contribute to renewable energy targets.

This could be achieved by Councils being given a clear long-term direction (ie. five years) to implement active biogas extraction on qualifying landfills. Enabling Councils to benefit from revenue available through ACCUs under the Federal Government's ERF legislation while project registration is guaranteed until 2031.

Queensland renewable energy targets

LGI supports legislated renewable energy targets that provide greater momentum to the energy transition. We look forward to seeing the details of the proposed reporting and review mechanisms that will monitor the implementation of the Queensland Energy and Jobs Plan. In addition to the large generation and transmission upgrades detailed in the QEJP, LGI believes that there is more potential by facilitating commercial & industrial scale generation within the distribution network.

Enabling more projects like these to be connected will supercharge Queensland's transition to reliable, affordable renewables, in a similar way to rooftop solar. However, until new policies apply positive pressure to these projects LGI will focus our development activities on interstate renewable energy projects, where the connection process is currently more efficient and predictable, and on larger renewable power generation projects in Queensland, which may more readily be able to support the time and resources required to obtain grid connection.

By way of background, we have recently secured a connection agreement from Energy Queensland to hybridise our Bunya renewable project with the installation of a 1.3MW / 2.6MWh battery. This process took 24 months and significant resources, while in the meantime we secured a 20MW connection interstate with the same equipment on a larger application within 12 months.

Public ownership of energy assets

LGI supports public ownership of transmission and distribution assets to facilitate the energy transition and achieve the stated policy objective of delivering the community benefits of “coordinated, efficient investment and delivery of renewable generation”. We also support the need, as recognised in the Explanatory Notes to the Bill, for clarity and transparency for market participants regarding how the government will seek to achieve the targets.

The scale of the energy transition makes private sector investment in renewable energy generation critical if the State is to meet the legislated targets. It will be important that clear frameworks are put in place to encourage these investments and set out how the private and public sectors will work together. In addition, it will be critical that clear commercial arrangements are in place for private renewable energy generation assets to establish connections to the distribution network. At present, our experience has been that the required approvals for connection to the distribution network in Queensland take longer and cost more than in other states, which deems some of our smaller development projects not economically viable.

We value our constructive working relationship with Energy Queensland, and as such we are working with them to explore more efficient and predictable ways to enable us to replicate more <5MW projects like Bunya.

Further information

LGI welcomes the opportunity to provide this submission on the Bill. We would be pleased to expand on the details of our submission if the Committee chooses to conduct further consultations.

For further information on this submission, please contact:

Jarryd Doran
Chief Operating Officer