PUBLIC WORKS AND UTILITIES COMMITTEE

Members present:

Mr SR King MP (Chair)
Mr JN Costigan MP
Mr MJ McEachan MP
Mr R Molhoek MP
Ms JE Pease MP
Mr CG Whiting MP

Staff present:

Ms K McGuckin (Committee Secretary)
Ms R Stacey (Assistant Committee Secretary)

PUBLIC BRIEFING—INQUIRY INTO ELECTRICITY AND OTHER LEGISLATION (BATTERIES AND PREMIUM FEED-IN TARIFF) AMENDMENT BILL

TRANSCRIPT OF PROCEEDINGS

MONDAY, 10 JULY 2017

Brisbane

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Committee met at 9.15 am

CHAIR: Good morning. I declare open this public departmental briefing for the committee's inquiry into the Electricity and Other Legislation (Batteries and Premium Feed-in Tariff) Amendment Bill 2017. I thank you for your interest and your attendance here today. I would like to acknowledge the traditional owners of the land upon which our parliament stands.

On 15 June 2017 the Hon. Mark Bailey MP, the Minister for Main Roads, Road Safety and Ports and Minister for Energy, Biofuels and Water Supply, introduced this bill into parliament. The parliament has referred the bill to the Public Works and Utilities Committee for examination, with a reporting date of 11 August 2017. My name is Shane King, member for Kallangur and chair of this committee. With me here today are Mr Rob Molhoek MP, the deputy chair and member for Southport; Mr Jason Costigan MP, the member for Whitsunday; Mr Matt McEachan MP, the member for Redlands; Ms Joan Pease MP, the member for Lytton; and Mr Chris Whiting MP, the member for Murrumba.

The committee's proceedings are proceedings of the Queensland parliament and are subject to the standing rules and orders of the parliament. The proceedings are being recorded by Hansard and broadcast live on the parliament's website. Media may be present and will be subject to the chair's direction at all times. The media rules endorsed by the committee are available from committee staff if required. All those present today should note that it is possible you might be filmed or photographed during the proceedings. I ask everyone present to turn mobiles phones off or to silent mode. Only the committee and invited departmental officers may participate in the proceedings. As parliamentary proceedings, under the standing orders any person may be excluded from the hearing at the discretion of the chair or by order of the committee.

The purpose of today is to assist the committee with its examination of the Electricity and Other Legislation (Batteries and Premium Feed-in Tariff) Amendment Bill 2017. I remind committee members that officers from the department are here to provide factual or technical information. Any questions about government or opposition policy should be directed to the responsible minister or shadow minister, or left to debate on the floor of the House. I also ask that, if departmental officers take a question on notice today, they provide the information to the committee by Friday, 14 July 2017. The program for today has been published on the committee's web page and there are hard copies available from committee staff.

FINDLAY, Ms Kristen, Manager, Consumer Policy, Embedded Network, Department of Energy and Water Supply

LEAVER, Ms Gayle, General Manager, Energy Industry Policy, Solar Bonus Scheme, Department of Energy and Water Supply

QUIREY, Mr Tim, Director, Strategic Futures, Solar Bonus Scheme, Department of Energy and Water Supply

TAYLOR, Ms Ty, Director, Energy Consumer and Pricing, Embedded Network, Department of Energy and Water Supply

WALL, Mr Peter, Principal Adviser, Strategic Futures, Solar Bonus Scheme, Department of Energy and Water Supply

CHAIR: I welcome the witnesses from the Department of Energy and Water Supply who will be providing a briefing on the proposed legislation. Would one of you like to commence the briefing?

Ms Leaver: We thank the committee for inviting us here today. As outlined, we will be providing a briefing on the Electricity and Other Legislation (Batteries and Premium Feed-in Tariff) Amendment Bill 2017. As outlined in the explanatory notes, the bill has two key objectives: firstly, to clarify how customers on the Solar Bonus Scheme can take advantage of falling generation and battery costs in

the electricity sector within the parameters of the Solar Bonus Scheme—that is, without losing eligibility for the premium feed-in tariff; and, secondly, to align Queensland legislation with new national electricity market rules to support the introduction of retail competition in embedded networks from 1 December 2017.

Under the Solar Bonus Scheme, distribution businesses credit eligible small electricity customers a premium feed-in tariff for surplus electricity generated by eligible solar PV systems and exported into the electricity grid. The rate offered is 44 cents per kilowatt hour, which is significantly higher than the going market rate of around 27 cents for South-East Queensland and 28 cents for regional Queensland. The scheme closed to new customers in June 2012 after its key objective—which was supporting the development of the Queensland solar industry—had been achieved and the need to constrain key scheme costs became apparent.

Because the premium feed-in tariff payment is generous, Solar Bonus Scheme customers are generally keen to make sure they do not do anything that could affect their eligibility. At the same time we are seeing more choice in the form of additional generation and batteries becoming available in the domestic market, and considerable interest from the community about how these technologies can be used to help control energy use and energy costs. The current Solar Bonus Scheme rules do not anticipate the availability and affordability of these technologies and do not specifically address their use. This has created ambiguity for customers who may be interested in additional generation or storage but who would be reluctant to install additional energy technology if it risks their eligibility for the Solar Bonus Scheme feed-in tariff.

The proposed bill seeks to address this potential for uncertainty. In particular, the bill proposes amendments to the Electricity Act to specify when a customer stops being entitled to receive the Solar Bonus Scheme premium feed-in tariff. These are oversizing or when a customer adds generation capacity to their qualifying generator which exceeds the output of their system's inverter; when a customer installs a battery in a way that allows it to supply their electrical installation at the same time as their qualifying generator or to export energy from the battery to the supply network; when a customer installs an additional generation system in a way that allows it to supply their electrical installation at the same time as the qualifying generator or to export energy from the additional system to the supply network.

The approach is consistent with the current scheme design which requires Solar Bonus Scheme customers to use energy from their qualifying generators to power their homes first before exporting to the grid. Other uses are permitted and the amendments do not affect the activities of customers who are not on the Solar Bonus Scheme in any way. It is proposed that the new provisions apply retrospectively from 15 June 2017—the day the bill was introduced into the Legislative Assembly. This is intended to minimise the costs and compliance risk, as some customers could attempt to unfairly profit from the existing ambiguity in the scheme rules.

I turn to embedded networks. In addition to the Solar Bonus Scheme amendments, the bill contains minor consequential amendments to the Electricity Act and the Energy and Water Ombudsman Act to align Queensland legislation with new national regulatory arrangements due to take effect on 1 December 2017. New national reforms will improve access to retail competition for customers in privately owned embedded networks. Embedded network customers are those customers who purchase their energy from an embedded network owner or operator, also known as an on-supplier. Common examples include residents within manufactured homes parks, caravan parks, unit complexes and businesses located in shopping centres, and industrial parks.

Full retail contestability commenced in the majority of Queensland in 2007. However, access to competition for embedded network customers was deferred until a nationally consistent framework was established. A new national framework for embedded networks has since been formed following recommendations in the Australian Energy Market Commission's power of choice review. The new national rules will clarify arrangements for the retailing of electricity in embedded networks and make it easier for customers in those private networks to access retail offers. However, nothing will change for embedded network customers if they do not want it to. That is, they can continue to purchase their electricity from their embedded network owner or operator. The regulatory arrangements aim to make it easier for embedded network customers to choose the type of electricity produced or services that suit their needs. Stakeholders have long advocated for the expansion of retail competition so that embedded network customers have more ability to choose their own electricity retailer.

The minor consequential amendments to the Electricity Act will support the implementation of the national framework for competition in Queensland's embedded electricity networks. The amendments to the Energy and Water Ombudsman Act will allow embedded network customers who

choose to purchase electricity from a retailer to access the free and independent dispute resolution services of the Queensland Energy and Water Ombudsman in the same way as any other retail customer may.

In conclusion, I want to thank the strategic futures and consumer teams within DEWS for their hard work in putting the legislation together and the members of the committee for the opportunity to provide this opening statement.

CHAIR: Thank you. There has been some confusion in the submissions. Can you clarify whether under this legislation if you are on the 44-cent feed-in tariff you would not be able to install batteries as well? That was not my understanding. Sorry, it is for you to answer, but my understanding is that it encourages that but you cannot double dip. Can you please go into that in a little more detail?

Ms Leaver: That is correct but I might direct the question to Tim Quirey.

Mr Quirey: As you have outlined, we are allowing batteries. The government made a decision when responding to the Queensland Productivity Commission report on how to treat batteries and the 44-cent FiT. This legislation seeks to allow batteries to be installed but outlines how you can use that battery. You can charge the battery of a day or night from any source; it is just the discharging of the battery. The intent is that you can discharge the battery when the qualifying generator is not generating, so you could discharge the battery overnight.

CHAIR: One of the submissions suggested a cap on the amount of energy that a Solar Bonus Scheme household could be paid under the 44-cent feed-in tariff, but that is pretty well what is happening anyway, is it not? My understanding is that you can only export so much energy; you cannot do it twice.

Mr Quirey: The way the metering works is that the energy is accumulatively exported and read. We do not have visibility of what is exporting through the grid. The intent of this legislation is to manage the use of the battery in conjunction with the Solar Bonus Scheme so those customers are not getting additional money from that solar energy being exported. It is slightly different from an export cap which has been provided for in that submission.

CHAIR: We will be getting you copies of the submission. Another question that has come through consistently is: as the panels degrade over time, would there be an ability to put on an extra panel so you do not go over your generational capacity? It clearly states that you cannot go over your generational capacity, but if you had five kilowatts and that degraded over time to four kilowatts, so 80 per cent, is it possible to put another panel on to bring that up to five kilowatts but not exceed your generational capacity?

Mr Quirey: I think technically speaking, yes, that would be possible.

CHAIR: It is the electrician in me.

Mr Quirey: The inverter capacity is the capacity that has been approved by the distributor. We are looking to limit the oversizing capabilities so you are not exporting more than that inverter's capacity, but the checks and balances or the compliance that would be in place from a distributor point of view would be understanding what the approved inverter capacity is and understanding what exports have been coming from that system.

CHAIR: So you are not allowed to put an extra panel on. You are not allowed to export more than you traditionally have exported with your five-kilowatt inverter?

Mr Quirey: Yes, that is correct.

Mr MOLHOEK: In regard to the Solar Bonus Scheme, is that the only thing this legislation is proposing? Is it the regulation of the deployment of that energy to ensure that people who are getting the higher tariff are not feeding in at other times of the day to get more money? Is there anything else in the legislation apart from that one issue around solar power?

Mr Quirey: The proposed legislation is just seeking to provide that clarity to distributors on how to monitor compliance and to customers looking to take advantage. As Gayle stated in her opening remarks, there are three instances that we are looking at: the oversizing of the solar PV system itself, adding an additional solar PV system on to the household and installing a battery. They are the three items that have been covered under this proposed legislation.

Mr MOLHOEK: Can you repeat the three for me? It is the batteries?

Mr Quirey: Yes, the batteries—how you can use a battery in conjunction with the 44-cent feed-in tariff. The second one is an additional generator going into the household. You have your qualifying PV system now and if you put on another solar PV system, or there was another form of

generation going into the house—how that can be utilised. The third instance is oversizing your existing qualifying system. You have approval for an inverter up to a limit now. This is saying, 'You can install panels up to that limit but you cannot go beyond that inverter capacity in terms of installing additional panels on to your existing qualifying generator.'

Mr MOLHOEK: You cannot install more panels over the capacity of the inverter? Is that about managing the amount of feed-in tariff or is that just a safety concern around the ability of the inverter to cope with the extra power?

Mr Quirey: It is about managing the costs of the Solar Bonus Scheme.

Mr MOLHOEK: The whole policy is really just around managing it?

Mr Quirey: That is correct, yes.

Mr MOLHOEK: Does it also look at it from the other perspective of protecting the feed-in tariff for people who have it and are simply wanting to replace a solar panel that was faulty or at the end of its life?

Mr Quirey: Yes. You can still replace like for like. That is within the existing guidelines or rules of the scheme. If an inverter breaks or there is a fault in the system, you are entitled to replace that faulty part of the system with a like-for-like replacement. That can still happen under the existing legislation. It is just providing that additional clarity around instances that were not conceived of when the initial Solar Bonus Scheme was introduced.

Mr MOLHOEK: Hypothetically, if I had a basic system that I installed eight years ago when the scheme came in and I have an inverter that is specified up to—

CHAIR: Five kilowatts?

Mr MOLHOEK: I cannot remember the specifications anymore. If I decide that I want to put another eight panels on and the inverter is already big enough to cope with that, the regulation is really seeking to make sure that I am not selling extra power into the grid and getting an added advantage at the 44 cents; is that correct?

Mr Quirey: Yes, but you can install panels up to what you have been approved from your inverter. If you put on one kilowatt of panels but you had approval for a 2.5-kilowatt inverter, there is then an additional 1.5 kilowatts of panels that you have already been approved that you could install up to.

Mr MOLHOEK: Okay. If the original inverter had extra capacity—

Mr Quirey: Yes.

Mr MOLHOEK: I could put those that—

Mr Quirey: You can install up to that inverter's capacity but you cannot go beyond the inverter's capacity. That is the clarification in the legislation.

Mr MOLHOEK: I can get the 44 cents for that extra power?

Mr Quirey: That is correct.

Mr MOLHOEK: Is this legislation seeking to limit that?

Mr Quirey: It is just limiting the oversizing component. We are not proposing to make—

Mr MOLHOEK: But if I have the bigger inverter in now, there is no change?

Mr Quirey: Yes, that is correct.

Mr MOLHOEK: But if I want to go from a 1½ to a three or something, I cannot?

Mr Quirey: You cannot increase the size of the inverter, no, because it is already in the legislation that you forfeit your premium feed-in tariff if you increase the size of the inverter. You could increase panels up to the approved inverter's capacity.

Ms PEASE: If you have the capacity to expand up to your approved inverter capacity, you would continue to be eligible for the premium rebate; is that correct?

Mr Quirey: That is correct.

Ms PEASE: For that new generation?

Mr Quirey: Up to your approved inverter capacity, yes.

Ms PEASE: It would be at that premium rate?

Mr Quirey: Yes, correct.

Ms PEASE: Thank you. I would like to ask about the embedded networks. I heard you mention manufactured homes and caravan parks. I understand that manufactured homes—and I have some unit blocks in my electorate—pay to the retailer of choice for the body corporate or the manufactured home. How will this change that?

Ms Taylor: The change will allow the residents who are currently being supplied by the body corporate, or the manufactured park's owner, to choose a retailer other than their current provider. It will mean that they could go to the market, essentially, in the same way as customers who are connected directly to the grid can choose their retailer now. It gives them that choice. They can stay with their current provider, but the proposed legislation will also allow them to be recognised as a customer of the market if they choose to.

Ms PEASE: How would a resident in a manufactured home park, who is residing on a piece of dirt in a manufactured home, access their new retailer? What would be the costs to them associated with that?

Ms Taylor: There are ways to shop around. There are independent websites that allow customers to compare costs, to compare the service and the range of products and services provided. Obviously it is not just cost; there are other value-added products and services that can be attached, like energy management or solar, if the practical requirements existed around that particular residence. A customer of an embedded network—a manufactured homes park resident—could shop around and call various retailers in the same way as other customers do now.

In terms of cost, there would be a consideration of the current metering requirements just to make sure they would be compliant. For anything before 2012, there might need to be a meter upgrade in choosing to do that. Otherwise, the national rule change takes into account the physical situations that may exist in a range of various scenarios—from a manufactured homes park to a body corporate situation. There are various different metering arrangements depending on when they are installed. In terms of potential cost to the customer, there could be a metering consideration but the retailer would also be likely to take into account the existing infrastructure. If it were suitable, or compatible, it is unlikely that there would be any requirements for that customer to transfer over. In any case, any metering changes in the embedded network itself could not be passed on to that customer. The retailer would be able to provide that customer with any information in terms of upgrades that would be required in the same way that a direct customer can negotiate at the moment around metering.

Ms PEASE: The resident would be responsible for any costs in changing to a different retailer?

Ms Taylor: Potentially.

Ms PEASE: That would be both in a body corporate situation, or a shopping centre, or a manufactured home—wherever those embedded networks might exist?

Ms Taylor: The charges around metering cannot be passed on specifically as part of an electricity charge. If there were going to be a cost involved, that would be a separate infrastructure charge.

CHAIR: Say I am a resident in a manufactured home park and I choose to change my provider but our bulk metering goes through the owner and he on-charges to that. I want to go to a retailer different from what the owner has. I would then have to have my own metering. The cost of that metering would be something that I would have to weigh up, because I would have to pay it myself, not the park owner or the provider?

Ms Taylor: In many cases the existing metering will be compatible and would not require any meter changes, I guess.

CHAIR: If there was already submetering to each resident?

Ms Taylor: Yes.

CHAIR: I mean if there was only one meter out the front and the owner then subcharges to everyone. You would then need to have an individual meter at your residence?

Ms Taylor: Submetering exists at the moment. The difference is that those customers were not recognised as a direct customer, whereas with the proposed changes they would be able to be recognised. What would need to happen is the allocation of a national metering identifier—an individual NMI—attached to that existing submetering. The potential there is that a retailer may suggest to a customer that they might want to choose a different type of meter to allow them to have, say, digital metering to allow them to have access to more available statistics around their consumption and that type of thing. In that sense, that would be a value-added product that would be taken up by a customer—or not.

CHAIR: I just want to clarify it for all of us. In a situation where there was no submetering installed, the cost of installing that metering would fall on the person making that choice? The park owner would not suddenly have thousands of dollars to outlay for meters to his residents, or whomever the retailer would be? It would be the person making the decision?

Ms Taylor: Yes.

CHAIR: Thank you.

Mr COSTIGAN: I draw your attention to submission No. 1 from not only regional and rural Queensland but also my electorate—from Green Energy Technologies, Mr Kon Flaherty.

CHAIR: Excuse me. They do not have a copy of that submission yet. It is getting to them. Could you flesh it out a little?

Mr COSTIGAN: I will. Thank you, Mr Chairman, for your guidance. For the benefit of our departmental friends who are here today, Mr Flaherty says in relation to the 44-cent feed-in tariff—

Those people, residents, citizens that are on the 44c FIT are on there because they took a risk at the early stages of the renewable energy industry and invested heavily into solar systems that in todays market would be ridiculous prices. It would be easy to look at solar prices now in the current market and state that those on the 44c are getting a crazy good deal. It would be also easy to look from outside in and want to make things 'FAIR'.

He goes on to say—

This is not fair. In essence those on the 44c went out on the front lines for the QLD Gov and proved the renewable case for this state. These people invested huge amounts of money, time, stress and resources to decide to move ahead with these investments at the time.

There are 3,000 customers here for Green Energy Technologies. I dare say they are not going to be very happy with what is going on here. They are very big not only in my part of the world but also in Central and North Queensland. Does the bill fail these people financially? Can you quantify that? Can you tell me how much worse off these people will be?

Ms Leaver: I want to caution that we have not seen the detail of the submission. It is very hard for us to comment just with that bit of explanation. The main aim of the bill is to ensure that we provide the clarity for those customers who are on the 44-cent FiT and continue to be on the 44-cent FiT. I am just not certain that we can say much else without knowing a bit more of the detail of the submission.

Mr COSTIGAN: I am happy for the departmental people here today to take these questions on notice. These people are perhaps very concerned at this point in time.

Mr Quirey: As Gayle said, we are not restricting the ability of existing 44-cent customers to continue to receive the 44-cent FiT. There is a list of eligibility criteria. Those customers, provided they maintain their eligibility, will continue to receive their 44 cents until 2028. Those 3,000 customers, if they have a qualifying generator now, are able to continue to receive that 44 cents until 2028. This is saying, 'If you in the future decide to install a battery system, or you decide to install an additional solar PV system, here is how you can use it in conjunction with your 44-cent FiT to ensure you can continue to receive your 44-cent FiT payment. You are still able to take up these technologies and receive the 44-cent FiT.' I am not sure what that submission is getting at exactly, but we are not looking to restrict the rights of existing customers who keep their qualifying generator operating as it currently is.

CHAIR: You will be providing a response to these by Friday as well?

Mr COSTIGAN: Yes.

CHAIR: With reference to Mr Flaherty's query, I asked a question earlier about the cap. That will clarify that on Friday. Thank you for that.

Mr COSTIGAN: What happens if the embedded network operators do not have the physical capability to comply with the proposed requirements by the December 2017 deadline? What are the likely compliance costs for these embedded network operators?

Ms Taylor: The requirement under the national rule change will be for the establishment of an embedded network manager to be appointed where there is a requirement for the embedded network to have a network service authority. That will be the change from 1 December. In terms of what needs to happen, it will be up to whether the customers in those embedded networks choose to go to an alternative supplier, in which case the embedded network manager will need to liaise with the retailer to make sure there is an ENM allocated to that individual customer, which will allow them to be charged and billed from the market retailer.

Mr COSTIGAN: I am satisfied with that. Thank you.

Mr WHITING: My issues are around the embedded network as well. The area I have represented both as a councillor and as a member of parliament has literally thousands of people living in home parks. The member for Lytton and I have had experience over many years with this issue. I have seen a couple of different models. Certainly, through the embedded network, or through the on-seller, basically, with 200 residents, the electricity bill was divided by 200. Everyone was sent a bill for 1/200th of the cost. The issue with that is, obviously, people were not encouraged to reduce their electricity consumption. They felt that they were paying excessively for what they had consumed. There have been other models where the on-seller, or the embedded network owner, had metering done. The complaints were then about the excessive fees for meter reading. People felt, especially with the new digital ones, that the work involved with reading the meters was minimal compared to the amount that they were charged. They felt that they had little choice but to accept the on-seller's, or the embedded network owner's, decision to impose its meter-reading cost on each of these units.

There have been some issues with embedded networks. I certainly welcome what we have here. The way I see it is that this bill gives the network customers—the retirees living in each of these units—a greater ability to negotiate things such as meter-reading fees and perhaps to access any incentives through any other solar schemes. Will the embedded network customers have a greater ability to negotiate a better deal?

Ms Taylor: That is exactly right. The proposed legislative changes will allow customers to take advantage of the national rule change and have greater access to the variety of market products and services that are currently available. That is right: they will be able to choose an alternative supplier to get a better deal. With the opening up of that competitive pressure it is also intended that that will increase the quality of service that is being either provided by their current supplier or the alternative suppliers in the market.

Mr WHITING: They will have a greater ability to achieve savings on their electricity bills?

Ms Taylor: Yes, they will definitely be able to shop around and choose a product that suits their needs.

Mr WHITING: As an example, a number of residents, or a residents committee at one of the home parks, may decide that they want to embark on installing a solar scheme. Each homeowner in the park would be able to become part of a larger park based solar scheme where they can perhaps negotiate to get a good deal with a solar energy supplier to install these on all the houses. Once again, this bill would perhaps give them a greater ability to negotiate a good deal with a solar energy supplier to install this system across that home park. Would that be correct?

Ms Taylor: Certainly solar feed-in tariffs are one of the new value-added products and services that are available in the market. Obviously the residents of the home park would need to abide by any conditions in terms of the installation of panels and that sort of thing.

Mr WHITING: I appreciate that. Previously, I have found that a lot of these residents have wanted to install solar schemes for the environmental benefit but have been restricted because the energy supplier for their embedded network has not been willing to negotiate. It seems that if they have an ability to better negotiate the creation of a small local solar scheme that would certainly be one of the greater benefits of this bill. Am I correct in that?

Ms Taylor: Yes, that potentially would be one of the benefits.

Mr WHITING: Thank you.

Mr MOLHOEK: I have a question that I would like to put on notice because it relates to submission No. 2.

CHAIR: They will be replying to the submissions by Friday.

Mr MOLHOEK: In that response, could the department provide specific advice about the concerns raised by Mr Kerr? From what has been explained to me today I think there is a misunderstanding on his part, but I would like some specific advice addressing the issues raised in that submission.

My second question was in regard to the timing. There was mention of new federal legislation or standards that are coming around fair retail competition and policy. Why are we jumping the gun and bringing in our own policy or legislation now and not waiting to see what the national standard will be? I think you mentioned that that new standard is coming out by December this year. The risk is that we could be double legislating. We might bring in this now and then find out that there is a different requirement federally and then we will have to change it again.

CHAIR: The question was the federal versus state?

Mr MOLHOEK: It is not federal versus state, but why are we not waiting to see what the federal legislation is so that we can bring out harmonisation legislation rather than do something now and then maybe have to change it later?

Ms Taylor: The national rule change was announced in 2015 around embedded networks and access to competition. Since that time there has been consultation around what that policy would deliver. During that time, Queensland has looked at the potential for that to be adopted, as we have with other national electricity legislation. Queensland would not be jumping the gun with the EOLA bill; it would just be aligning with the national rule change, which would allow residents of embedded networks to access competition.

The reason Queensland did not originally allow embedded networks to access competition in 2007, when the rest of the country was having retail contestability, was that there was a lack of transparency and ambiguity around some of the requirements of interfacing with the National Electricity Market—the allocation of the National Metering Identifier, what would happen with data integrity and those sorts of things. The national rule change has established a regulatory framework for allowing all of those elements to happen easily for a customer so that they can access competition through the embedded network manager.

Mr MOLHOEK: Is the national rule change already embedded in legislation or is it just foreshadowed at this stage?

Ms Taylor: It is already a rule change. That occurred through the changes to the national electricity legislation.

Mr MOLHOEK: Okay. What are the national reforms you referred to that come into place on 1 December 2017?

Ms Taylor: That is the establishment of the rule change. It comes into effect from 1 December.

Mr MOLHOEK: It has already passed?

Ms Taylor: Yes.

Mr MOLHOEK: This is just foreshadowing—

Ms Taylor: It is the implementation date.

Mr MOLHOEK: Okay. Finally, I have a question on notice. I am having trouble getting my head around the way these embedded systems work. In the department's response could we have a flow chart that would show how a competitor would supply the electricity into an embedded network in a competitive manner? If it is a high-rise tower where there is an embedded network, what does it mean in terms of installation? If a competing network wants to come in, do they put in a new sub-board? Do they have to rewire the building? I am not an electrician as the chair is. I am concerned that this is not a case of 'all that glistens is not gold'. The counterargument may well be—and I think one of the submissions touched on it—that the infrastructure costs of the competitor coming in may have an impact on the viability of the existing network in terms of costs recovery if it is fairly new. The net effect may be that everyone ends up paying more over time. I want to understand how this works and what costs would be involved in switching to a competitor in a residential home, in a high-rise tower or perhaps in a shopping centre. Could we have some real, live examples and costs? Maybe they could bring in sample meters like we had with those water pressure valves, just so that we can really understand it. It is just words on pages at the moment. I am struggling a little bit with it.

CHAIR: Okay. Thank you. The answer to that question will be in your answers to the submissions. The submissions have been published on our website and notification has been sent through as to how to access them. Thank you all very much for your time today. I declare this public briefing closed.

Committee adjourned at 9.57 am