

28<sup>th</sup> February, 2014

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Dear Sir/Madam

**RE: Submission to the Issues Paper for Retail Electricity Price Regulation in Regional Queensland**

On behalf of the Regional Development Australia (RDA) Townsville and North West Queensland Committee, I am pleased to forward this brief submission to the Queensland Competition Authority.

Efficient electricity supply and pricing is an urgent and critical issue for our region, and as a facilitation and advocacy group we are keen to be a participating stakeholder in the review of retail electricity price regulation in regional Queensland.

**Background to our interest in this issue**

Regional Development Australia is an established network of 55 Committees across Australia made up of local community leaders who are volunteers to champion the development of long-term sustainable communities. (Refer to [www.rda.gov.au](http://www.rda.gov.au))

The RDA Committee for Townsville and North West Queensland is an incorporated not-for-profit association and has twelve ministerially appointed members. Funding is provided by the Federal Government with in-kind support from the Queensland Government. The Committee's purpose is to achieve a prosperous, sustainable, cohesive and liveable region incorporating 15 local government areas. Our region covers 449,190 km<sup>2</sup>, including many remote areas such as Boulia, Bourke, Carpentaria, Doomadgee and Mornington Island to name a few shires within our region. (Refer [www.rdanwq.org.au](http://www.rdanwq.org.au))

Each RDA has developed and regularly updates a Regional Roadmap which informs the Federal and State Governments of regional priorities to be addressed and the strategies that can be undertaken to achieve outcomes. RDA works with partners across the region to progress prioritised initiatives and projects. (Refer to <http://www.rdanwq.org.au/regional-roadmap>)

RDA's 2013-2016 Townsville and North West Regional Roadmap places a high priority on the need for investment into energy infrastructure, and in particular electricity generation and transmission including renewable generation for the region. This priority has arisen in response to the following identified challenges for the region:

- Electricity supply is mainly reliant on generation outside the region;
- Electricity supply is not integrated across the region; rather there are a number of distribution systems;



- Some remote areas of the region are reliant on costly, high emission releasing and unreliable supply by diesel fuel; and
- Whilst there has been some uptake of renewable electricity sources, there are constraints to their further development. These constraints include:
  - Regulatory issues regarding transmission and connection to the grid;
  - Lack of clarity on land planning, native title, land tenure and environmental noise and visual impacts; and
  - Viability in servicing a decentralised population cost effectively or reliably.

These challenges lead to:

- Higher electricity costs for industry due to higher transmission costs and electricity losses;
- Increased government subsidies for residential and small business consumers of electricity;
- Limited competition for generation;
- Inability to meet emerging load requirements and demand; and
- Unreliable electricity supply in more remote areas due to insufficient infrastructure.

Our RDA supports initiatives to achieve a resilient, cost-effective and customer-focused electricity supply system. Achievement of such a vision will greatly assist the Townsville and North West Queensland Region to become an even more significant contributor to Queensland's economy.

Generally speaking, moves to improve competition in regional electricity markets are welcome but it is critically important to retain a price equity regime for remote communities. A competitive electricity market though in regional Queensland would require firstly that there are arrangements in place to ensure that transmission costs and electricity losses are minimised and are consistent across the state. Otherwise due to the size and incremental nature of the current arrangements competition will only occur in the southern regional parts of Queensland, to the detriment of Northern Queensland electricity users.

#### **New Queensland Energy Study to be released in March/ April 2014**

I represent RDA on the Steering Committee for the *North and North West Queensland Sustainable Resource Feasibility Study* which is being managed by Townsville Enterprise and funded by the Federal Government to review energy and agriculture opportunities in North Queensland and in particular in the Pentland area west of Townsville. This extensive \$2 million study will be provided to the Queensland Competition Authority (QCA) and Queensland Government on its completion. Rather than invest a lot of time in prematurely presuming outcomes, I recommend this study be reviewed and referenced by the QCA as input to your current deliberations.

I can be reached at my home office on 07 4746 8758, my mobile 0429 468 606 or through our Chief Executive Officer Glenys Schuntner at our Townsville office on 07 4760 1612.

Yours sincerely



**Paul Woodhouse**  
Chairman

