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The 30-year Electricity Strategy Discussion Paper
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Dear Sir/Madam

RE: Submission to the 30 Year Electricity Strategy Discussion Paper

On behalf of the Regional Development Australia (RDA) Townsville and North West Queensland Committee, I am pleased to forward this submission to support the Queensland Government's consultation process as part of developing a 30-year electricity strategy.

Efficient electricity supply and pricing now and into the future is a critical issue for our region, and as an advocacy group we are keen to be a participating stakeholder towards the development of the 30-year electricity strategy.

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)

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 and in-kind support is provided by 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 km², 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)

Each RDA has developed and regularly updates a Regional Roadmap which informs regional priorities identified by the RDA 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.rdatanwq.org.au/regional-roadmap>)

General Comments

The RDA's draft 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 the Queensland Governments' vision 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 a powerful contributor to Queensland's economy.

Comments aligned to specific consultation questions – Immediate Challenges

Immediate challenge 1: Improve competition in retail markets

Do you agree with the proposed preconditions for the move to price monitoring? Are there any other necessary preconditions?

We agree with the proposed preconditions for the move to price monitoring by 1 July 2015, though only in the South East Queensland retail electricity market.

In addition to considering the move to a network CSO, what other measures could bring the benefits of competition to regional customers?

Any moves to improve competition in regional electricity markets are welcome. 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, at the detriment to Northern Queensland electricity users.

Immediate challenge 2: Strengthen customer protections

What issues should the Queensland Government consider when examining ways to improve customer protections?

We are supportive of any measures that allow for consistency in comparison of supplier offers and equitable access for customers that are at a socio-economic disadvantage. A key challenge will be to ensure equity for all Queenslanders in their access to and the prices they pay for electricity. This will require a review of the Community Service Obligation payments and the development of strategies

that can reduce these payments while not adversely affecting industry, business and residents in regional Queensland.

Immediate challenge 3: Improve customer engagement

What issues should the Queensland Government consider in developing a customer engagement strategy?

Any actions taken to ensure a better understanding and increase confidence levels by customers is supported.

Across Queensland there is varying geographical representation and it is important that metro, regional, rural and remote communities are considered as part of the customer engagement strategy. It is also important to ensure customer engagement across industry, business and residents.

Immediate challenge 4: Review electricity rates and customer assistance

What issues should be taken into account in reviewing the Electricity rebate so that it targets assistance to those most in need in a financially responsible manner?

We are supportive of any measures that allow for fairness and equity of access to electricity rebates.

Immediate challenge 5: Reform tariffs to address costs and provide greater customer control.

In updating tariff structures, what issues should be taken into account to send accurate price signals to customers in order to reduce cost pressures and provide greater customer control?

Changes to tariffs would work most effectively in a high knowledge market so that consumers can react appropriately to change consumption behaviours in response to information presented. Hence a significant education and information program would be required articulating the rationale, changes and benefits to consumers.

Immediate challenge 6: Develop a demand management and energy efficiency strategy.

What are the key issues that should be taken into account in developing the Queensland demand management and energy efficiency strategy?

It is important that future electricity growth and demand are respected in any scenario developments. Whilst important to account for energy efficiency, in regional Queensland it is most important not to lose sight of cost competitive electricity provision.

It is also important to understand drivers of demand, which will vary significantly across the state and also to understand trends and opportunities in building design towards greater efficiency.

Immediate challenge 7: Enable improvements in metering services

What issues does the Queensland Government need to consider in relation to introducing advance metering?

We are supportive of a non-mandated approach. The cost of advance metering will need to be considered and clear information about advantages required for customers to justify layout expenses.

Immediate challenge 8: Support customer-focused reliability standards

What issue should the Queensland Government take into account in moving away from prescriptive reliability standards?

The Queensland Government will need to ensure that such an approach is not to the detriment of regional customers. In particular that it does not act as a disincentive for industry investment opportunities now and into the future. Industry needs reliability of electricity supply to be competitive and prosperous.

Immediate challenge 9: Improve consultation practices for network extensions

What should the Queensland Government take into account in developing new consultation arrangements for network extensions?

We strongly support any Government objective to not make decisions regarding the electricity sector in isolation of wider economic development issues and opportunities. It is also important that Government has strong linkages to industry and an understanding of dynamics such as maturing and closing industries and the emergence of new industries affecting demand for electricity.

We also support consultation beyond Queensland jurisdictions due to global connectivity, currency movements and new technologies opening up the option for importing electricity, for example from Papua New Guinea. Such actions could lead to new economic and community development opportunities in Northern Queensland.

Further it is important that the government be seen to be taking a proactive leadership role in developing the electricity sector for the benefit of the state development and communities rather than the sector dictating to government what it will do.

Immediate challenge 10: Improve the operation of the gas market

What issues should the Queensland Government take into account when examining the operation of the gas market?

Important areas such as the North West Minerals Province are strongly dependant on gas for electricity supply, and hence economic development in this area is influenced by vulnerability to gas supply and prices. We support any intervention by Government such as providing electricity supply options for the area, to ensure that the mining industry sector as a strong contributor to the Queensland economy is maintained and expanded into the future.

Comments aligned to specific consultation questions – Future Challenges

Future challenge 1: Facilitating the deployment of cost-effective new generation alternatives

What role should the Queensland Government play to support the role of new and emerging generation technologies in Queensland?

The Queensland Government could identify priority areas where new and emerging generation technologies could assist with future economic development.

The Queensland Government also needs to play a facilitation and leadership role in supporting further private investment into electricity generation, and work with regional development organisations to optimize opportunities in each region.

What regulatory barriers or constraints need to be addressed to encourage an optimal generation mix in Queensland?

Changes could occur in Federal and State policy and regulations regarding nuclear generation. This would drive further exploration and increase the viability of mining uranium within the state.

Do you support the idea of the Electricity Outlook Expert Panel? Who should be involved and what should its role and responsibility be?

Yes, the idea of an Electricity Outlook Expert Panel is supported. We believe its role should be to develop an economic development strategy, policy and priorities and inform the electricity sector of these as guidance to where future electricity needs will be and what electricity sector investment and government will encourage and support. To support the development of the electricity strategy, it will be critical to assess future economic development opportunities, future electricity demand and electricity supply opportunities to meet the demand in the most efficient and economical way at competitive prices.

Future challenge 2: Attracting investment in generation

Do you support the Queensland Government's proposed approach of non-investment in the market in the absence of clear market failure? In what circumstances, if any, should the government be required to provide market support? What form should this take?

Given the small market outside of South East Queensland, short term investment by the Government into solutions that enable cost competitive supply would be welcome.

What issues should the government consider in relation to its future ownership versus sale of generation assets?

The Queensland Government needs to ensure cost-competitiveness as a priority if we are to maintain globally competitive industries.

The Government must consider whether the private sector is able to provide for future electricity needs, such as demand and security in a proactive development environment. It is essential that the government doesn't allow the private sector to dictate how the state will grow, or possibly stagnate if demand for cost competitive and reliable energy is not met in a timely manner.

The government must have assurance that reliable and cost effective electricity is available to all customers state-wide now and into the future, including remote communities.

Future challenge 3: Supporting structural change to the linear supply system

What issues should be taken into account when considering how structural change should be managed throughout the NEM?

We are supportive of the Queensland Government's proposal to develop and lead a new work stream at the national level to examine how fundamental changes in the structure of the linear supply chain should be managed. It is however important for the Government to understand and promote Queensland's unique position as having a highly distributed population and industry, so this does not disadvantage more rural and remote users.

Are there any other roles for government in relation to the development/uptake of new electricity products or service models?

There could be a role for public-private partnerships to take effect in the event that new products are tried and tested that could assist in overcoming the issues relating to reliability and cost of electricity supply to Northern Australia.

Given their commercial imperative, what role should the Queensland distribution businesses play in supporting research and development that supports their core business?

A research and development fund that is supported by commercial operators could be the catalyst for greater integration of new technologies and establishing new partnerships achieving greater efficiencies in electricity generation. Such a fund could provide a platform for industry feedback and/or support for new technologies.

Future challenge 4: Engaging and protecting residential customers of the future

Will new types of support be needed for different customer groups or locations to respond to changes in the future? If so, what will they be?

There is a need for different models of application to the electricity issues of Northern Queensland as compared to the South East Queensland area. Even within the Northern Queensland area there is diversity as to the issues associated with electricity.

As a market for electricity opens in Northern Queensland information will need to be progressively introduced, so that customers are informed of choices.

What new obligations, rights or protections will need to be put in place for customers as the market evolves?

For customers outside of the market area, the same rights and protections offered to South East Queensland residents should be afforded.

Future challenge 5: Maximising economic growth as we transition to a better energy future

What role does electricity play in relation to the varying sectors of the state's economy and how can government best support the broader economic development of the state?

Future economic development and industry expansion in the Townsville and North West region could be expanded if current issues around electricity are addressed. These issues being:

- 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;
- 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.

These above mentioned issues currently place constraints on future development within the region, not only in the areas of the North West Minerals Province and Townsville city, but also in the new emerging industry in the Flinders and Gilbert River Irrigation area and also the newer mining exploration areas near Julia Creek, Richmond and Charters Towers.

What issues should the Queensland Government specifically consider as part of its examination of the impact of electricity costs and supply reliability on economic growth and competitiveness?

Throughout the Townsville and North West region, whilst there has been some uptake of renewable electricity sources, there have been 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.

Responding to unforeseen shifts

Will these measures be sufficiently resilient and adaptable regardless of any unforeseen challenges or shifts that may emerge over the next 30 years?

Yes, as the 30 year electricity strategy will have short and medium term actions outlined in it, this will be an effective policy lead way to respond to unforeseen challenges and shifts; yet being responsive to the broader overarching principles.

We trust that the above information is of assistance in finalising the 30 year electricity strategy. We would welcome the opportunity to provide further information that you may require.

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

A handwritten signature in blue ink, appearing to read 'Paul Woodhouse', with a horizontal line underneath.

Paul Woodhouse
Chairman