



Queensland

# Electricity and Another Regulation Amendment Regulation (No. 1) 2013

## Explanatory Notes for SL 2013 No. 105

made under the

*Electricity Act 1994*

*Queensland Civil and Administrative Tribunal Act 2009*

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## General outline

### Short title

*Electricity and Another Regulation Amendment Regulation (No. 1) 2013.*

### Authorising law

Section 263 of the *Electricity Act 1994*, and section 242 of the Queensland Civil and Administrative Tribunal Act 2009.

### Policy objectives and the reasons for them

*Carbon and Renewable Energy Target (RET) cost messaging*

The objective of the amendment is to finalise the Government's election commitment to display carbon and 'green scheme' costs on household power bills by including an estimate of the impact of the Renewable Energy Target (RET) scheme costs on residential customer bills in addition to carbon price impacts. The amendments replace the carbon and renewable energy target cost statement currently prescribed in the Electricity Regulation 2006, and add new provisions relating to the

positioning and presentation of the statement on residential customer electricity bills.

These amendments aim to help consumers more easily understand the impact of the carbon price and RET on their electricity costs, allow customers to more easily determine whether Commonwealth Government compensation measures are sufficient and promote greater understanding of electricity pricing through improved transparency.

*Queensland Gas Scheme / Smart Energy Savings Program*

The objectives of the amendments are to make minor and consequential amendments to the Electricity Regulation 2006 and the Queensland Civil and Administrative Tribunal Regulation 2009 in line with the Government's decision to cease the Queensland Gas Scheme (Gas Scheme) and the Smart Energy Savings Program (SESP).

These amendments are consequential to the *Energy and Water Legislation Amendment Bill 2013*.

## **Achievement of policy objectives**

*Carbon and Renewable Energy Target (RET) cost messaging*

The replaced *carbon and renewable energy target cost statement* includes an estimate of the impact of RET costs on household electricity bills in addition to the carbon price. This meets the policy objective of displaying carbon and 'green scheme' costs on household power bills. Further, the statement characterises carbon and RET costs as a single dollar figure. This meets the policy objectives by providing customers with a more meaningful representation of how much the carbon and RET schemes add to their annual electricity costs. Customers can use this figure as a starting point to determine whether they are being appropriately compensated by the Commonwealth Government.

Amendments in relation to the positioning and presentation of the prescribed statement complement the policy objectives by significantly increasing its visibility on customer bills.

*Queensland Gas Scheme / Smart Energy Savings Program*

The amendments support the Government's policy of cutting red tape and regulation by ceasing the Gas Scheme by amending the *Electricity Act 1994* and ceasing the SESP by repealing the *Clean Energy Act 2008*.

These amendments achieve the objective by making minor and consequential amendments to the Electricity Regulation 2006 and the Queensland Civil and Administrative Tribunal Regulation 2009 to remove references to the Gas Scheme and the SESP.

### **Consistency with policy objectives of authorising law**

The amendments to the *Electricity Regulation 2006* in relation to Carbon and RET cost messaging and the Queensland Gas Scheme are consistent with objective (d) of the *Electricity Act 1994* which is to ensure that the interests of customers are protected.

This amendment to the *Queensland Civil and Administrative Tribunal Regulation 2009* is consistent with the objective of the *Queensland Civil and Administrative Tribunal Act 2009* which is to establish an independent tribunal to deal with the matters it is empowered to deal with under the Act or an enabling Act. With the repeal of the enabling Act, the *Clean Energy Act 2008*, it is appropriate to remove reference to that Act from the Queensland Civil and Administrative Tribunal Regulation 2009.

### **Inconsistency with policy objectives of other legislation**

The amendment regulation is not inconsistent with the objectives of other legislation.

### **Alternative ways of achieving policy objectives**

#### **Amendments to the Electricity Regulation 2006**

##### *Carbon and Renewable Energy Target (RET) cost messaging*

Three alternatives were considered as a means of achieving the policy objectives:

1. itemising carbon and RET costs on residential customer bills;
2. providing average carbon and RET costs for low, medium and high consumption households on residential customer bills for comparison; and

3. providing a carbon and RET cost statement on residential customer bills.

A Preliminary Impact Assessment (PIA) identified providing a carbon and RET cost statement on customer bills as the most appropriate alternative on the basis that it achieved the policy objectives with the least cost to industry and the community.

#### Queensland Gas Scheme

There are no alternative ways to implement the Government's decision to cease the Gas Scheme without the necessary consequential amendments to the Electricity Regulation 2006.

#### **Amendments to the Queensland Civil and Administrative Tribunal Regulation 2009.**

#### Smart Energy Savings Program

There are no alternative ways to implement fully the Government's decision to cease the SESP without the consequential amendments to the Queensland Civil and Administrative Tribunal Regulation 2009 to remove reference to the repealed legislation..

### **Benefits and costs of implementation**

#### Carbon and Renewable Energy Target (RET) cost messaging

Implementation of these amendments will benefit consumers by improving the transparency of Queensland electricity prices. There is no direct cost to the Queensland Government with regard to implementation of these amendments. Implementation costs are being borne by electricity retailers however these are expected to be minimal.

#### Queensland Gas Scheme

The State Government will incur no additional cost due to the amendments to the *Electricity Regulation 2006* associated with closure of the Gas Scheme. Any costs associated with the administrative closure of the Scheme will be funded through existing resources. Cessation of the Gas Scheme will remove the costs associated with compliance for Government, making resources available for other government business.

### Smart Energy Savings Program

Cessation of the SESP will deliver benefits to Government and industry by removing the costs associated with SESP compliance.

There are no costs associated with the amendment of the Queensland Civil and Administrative Tribunal Regulation 2009. The benefits of the change are of an administrative nature.

### **Consistency with fundamental legislative principles**

The amendments are consistent with fundamental legislative principles.

### **Consultation**

#### Carbon and Renewable Energy Target (RET) cost messaging

Electricity retail businesses were consulted and provided input towards the development and consideration of alternative implementation approaches via participation in a project specific working group. Retailers also supplied costing data to inform the PIA process. While retailers raised concerns about the policy generally, more specific objections regarding the amendments have been addressed.

#### Queensland Gas Scheme

The announcement of the cessation of the Gas Scheme and SESP was made on 8 March 2013.

The proposed transitional provisions and legislative amendments to cease the Gas Scheme were made available for public consultation via an exposure draft of the *Energy and Water Legislation Amendment Bill 2013* along with a summary of the proposed legislative changes. No submissions were received in response to consultation. Given the minor and consequential nature of the proposed amendments to the Electricity Regulation 2006 the Department does not consider industry consultation necessary.

#### Smart Energy Savings Program

No consultation was undertaken to cease the SESP. Advice was circulated to SESP participants in July 2012 that the program was undergoing review and that participants obligations would not be enforced during this period.

Not one submission was received by the Department seeking the continuation of the SESP following the circulation of this advice.

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#### ENDNOTES

- 1 Laid before the Legislative Assembly on . . .
- 2 The administering agency is the Department of Energy and Water Supply.

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