

Electricity–National Scheme (Queensland) Regulation 2014

Explanatory notes for SL 2014 No. 337

made under the

Electricity–National Scheme (Queensland) Act 1997

General Outline

Short title

Electricity–National Scheme (Queensland) Regulation 2014

Authorising law

Sections 6A and 12 of the *Electricity–National Scheme (Queensland) Act 1997* and section 6A of the *National Electricity (Queensland) Law*.

Policy objectives and the reasons for them

The policy objective is to apply the national electricity connections framework in the National Electricity Rules to the Ergon Energy distribution systems that do not form part of the national grid in order to improve transparency of the connections process for retail customers.

Achievement of policy objectives

The policy objective of applying the national electricity connections framework in the National Electricity Rules to the Ergon Energy distribution systems that do not form part of the national grid will be achieved by nominating Ergon Energy as an entity to which section 6A of the *National Electricity (Queensland) Law* applies in respect of the relevant network.

This will give equivalent customer connection rights to prospective retail customers wishing to connect to these distribution systems as will apply for prospective retail customers in other parts of Queensland. The arrangements will increase the transparency of the connections process for customers and provide an efficient approach for Ergon Energy, which will be able to apply similar connection processes for all its customers.

Consistency with policy objectives of authorising law

The regulation is consistent with the main objectives of the *National Electricity (Queensland) Law*, which includes the objective of promoting efficient investment in, and efficient operation and use of, electricity services for the long term interests of consumers of electricity with respect to price, quality, safety, reliability and security of supply of electricity.

The regulation is consistent with these aims by applying a broadly consistent set of rules for electricity connections which increase transparency for customers. It is also consistent in that the 220 kilovolt supply network located in the Mount Isa–Cloncurry region is not included in the nomination because the *National Electricity (Queensland) Law* provision enabling the Mount Isa–Cloncurry supply network to be economically regulated does not include this 220 kilovolt supply network.

Inconsistency with policy objectives of other legislation

The regulation is consistent with the policy objectives of other legislation. It provides transparent customer rights consistent with other State laws relating to the provision of services by monopoly service providers.

Alternative ways of achieving policy objectives

An alternative way to achieve the policy objective for the off-grid network would be to apply provisions for new connections in the *Electricity Act 1994*, or not specify obligations and instead rely on commercial incentives on the Ergon Energy network to treat customers in off-grid areas in the same manner as other customers on the national electricity grid.

However, the former approach would not be efficient. To maintain consistency, the Electricity Act would need to be updated whenever a change to the connections framework in the National Electricity Rules is made. This would be inefficient from a government perspective and would create uncertainty for Ergon Energy. The approach in the regulation overcomes these difficulties.

Relying on commercial incentives for Ergon Energy to treat off-grid customers in a broadly consistent way as other customers may function effectively. However, in the event of a dispute, customers would not have clear rights to rely on. The approach in the regulation promotes efficiency for Ergon Energy while also protecting customer rights.

Benefits and costs of implementation

The cost of implementing the framework for Ergon Energy's off-grid customers is negligible as it will be able to use the same systems and operational procedures used for the rest of its network. Ergon Energy has supported the application of the framework to its off-grid customers as an efficient approach.

Consistency with fundamental legislative principles

The regulation is consistent with fundamental legislative principles. It does not materially affect the rights and liberties of individuals or entities, other than providing greater certainty of rights for customers who wish to apply for new connection services on off-grid networks.

The regulation is within the scope of power delegated under the *Electricity–National Scheme (Queensland) Act 1997* and *National Electricity (Queensland) Law*. The specific regulatory amendments were directly envisaged and discussed in the explanatory notes to the *National Energy Retail Law (Queensland) Act 2014*, which amended the relevant sections of the *Electricity–National Scheme (Queensland) Act 1997* and *National Electricity (Queensland) Law*.

Consultation

Ergon Energy and the regulator, the Australian Energy Regulator, the Commonwealth Department of Industry, and the Australian Government Solicitors Office were consulted on the policy. An exposure draft of the regulation was also publicly released to stakeholders, including Ergon Energy, the Australian Energy Regulator and consumer representative groups including the Queensland Council of Social Service, the Queensland Consumers Association, National Seniors and the Council on the Ageing for comment.

Minor changes were made in the regulation as a consequence of consultation.