

National Energy Retail Law (Queensland) (Solar for Public Housing Trial) Amendment Regulation 2017

Explanatory notes for SL 2017 No.137

made under the

National Energy Retail Law (Queensland) Act 2014

General Outline

Short title

National Energy Retail Law (Queensland) (Solar for Public Housing Trial) Amendment Regulation 2017.

Authorising law

Sections 11 and 19C of the *National Energy Retail Law (Queensland) Act 2014* (the Act)

Policy objectives and the reasons for them

The Solar for Public Housing Trial (the Trial) aims to enable access to cheaper solar power for public housing tenants. Public housing tenants face multiple barriers to accessing solar power such as the upfront cost of solar PV systems and short term tenancy which can prevent an investment in solar PV from being recouped over time by those making that investment. The Trial will be delivered in Cairns, Rockhampton and Logan and aims to provide tenants access to solar power via business models that overcome these barriers.

Achievement of policy objectives

Section 19C(4) of the Act restricts Ergon Energy Queensland (EEQ) to only selling electricity to retail customers under a standard retail contract. Under a standard retail contract EEQ must sell that electricity at the notified price (a regulated price). 19C(5) of the Act allows for exceptions to be made to this restriction in certain circumstances.

The amendment regulation creates an exception to the restriction on the sale of energy placed on Ergon Energy Queensland by subsection 19C(4) of the Act for the purpose of implementing the Trial.

Removing the restriction achieves the policy objective by allowing EEQ to sell electricity to trial participants via a contract other than a standard retail contract and for a price other than the notified price. This will enable EEQ to sell solar power to trial participants via a solar power purchase agreement at a price lower than the notified price.

The regulation removes the restrictions on the sale of electricity by EEQ until 2038, representing the 20 year life of the solar PV system provided under the Trial.

To clarify, the intent of the regulation is to enable EEQ to offer a contract other than a standard retail contract to sell solar power to any retail customer occupant of a premises at which a solar PV system is installed under the trial, until 2038. For example where a tenant at the participating public housing premises changes during this period, EEQ can enter into a new SPPA with the subsequent tenant for that premises.

It is not intended to remove the restrictions on EEQ in relation to the sale of grid electricity to participating trial customers or subsequent occupants of premises where solar PV is installed for the trial. That is, EEQ remains bound by the restrictions on the sale of energy as per section 19C of the Act in respect of electricity sold at the premises that is not part of the trial.

An amendment regulation is required to implement the policy objectives as the restriction on Ergon Energy Queensland exists under legislation. Subsection 19C(5) of the Act enables exceptions to the restriction but requires that these be prescribed via a local instrument. Section 11 of the Act allows for a local instrument to be made in the form of an amendment regulation.

Consistency with policy objectives of authorising law

The amendment regulation aims to achieve lower energy costs for vulnerable electricity customers and is therefore considered consistent with the objective of the *National Energy Retail Law (Queensland) Act 2014* to promote efficient investment in, and efficient operation and use of, energy services for the long term interests of consumers of energy with respect to price, quality, safety, reliability and security of supply of energy.

Inconsistency with policy objectives of other legislation

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

Benefits and costs of implementation

The benefit of implementation is that public housing tenants participating in the Solar for Public Housing Trial will be able to access solar power and reduce their electricity costs.

There is no cost associated with removing the restriction on Ergon Energy Queensland.

Consistency with fundamental legislative principles

The amendment regulation has been drafted having regard to the Fundamental Legislative Principles (FLPs) outlines in the *Legislative Standards Act 1992* and there are no matters that are inconsistent with the FLPs.

Consultation

Consultation about the regulation has been undertaken with Ergon Energy Queensland. Ergon Energy Queensland requested that the timing set out in the amendment regulation continue to the end of 2038 to ensure the solar power can be sold for the full 20 year life of the solar PV system, noting that solar PV installations under the Solar for Public Housing Trial are expected to be completed in 2018. Consultation has also been undertaken with the Department of Housing and Public Works.

Ergon Energy Queensland and the Department of Housing and Public Works are supportive of changes.

The Office of Best Practice Regulation (OBPR) was consulted regarding the need for assessment under the Queensland Government Guide to Better Regulation regulatory impact analysis framework. The OBPR determined that assessment under the framework was not warranted.