

Electricity Legislation (Competition in Metering) Amendment Regulation 2018

Explanatory notes for SL 2018 No. 1

made under the

Electricity Act 1994

National Energy Retail Law (Queensland) Act 2014

General Outline

Short title

Electricity Legislation (Competition in Metering) Amendment Regulation 2018

Authorising law

Section 263 of the *Electricity Act 1994*

Section 11 of the *National Energy Retail Law (Queensland) Act 2014*

Policy objectives and the reasons for them

In November 2012, the Australian Energy Market Commission, published its final report on the level of demand-side participation in the Australian electricity market. The Australian Energy Market Commission recommended a series of reforms to enhance competition and give consumers more options in the way they use electricity.

One of the most important reforms to be implemented relates to electricity metering and related services. Metering is central to the operation of the electricity market, to enable financial settlement, and to enable efficient management of the electricity system.

The Australian Energy Market Commission recommended reform to the regulatory arrangements for electricity metering to enable a market-led deployment of remotely-read interval meters (also known as digital meters, 'smart' meters, and advanced meters).

The widespread deployment of digital metering to small electricity customers will enable customers to better understand their electricity use and assist them to make more informed choices about how they use electricity. Digital meters will enable the market to develop a range of new electricity products and services. The widespread deployment of digital meters is expected to improve the efficiency of the electricity market and electricity system, helping to contain costs for customers.

These metering reforms came into effect in Queensland and other National Electricity Market jurisdictions (except Victoria) on 1 December 2017 via changes to the National Electricity Rules and the National Energy Retail Rules.

However, to ensure that Queensland legislation is consistent with the applied national laws consequential amendments are required to the *Electricity Regulation 2006* and *National Energy Retail Law (Queensland) Regulations 2014*.

Achievement of policy objectives

The objective of this amendment regulation is to make consequential amendments to the *Electricity Regulation 2006* and the *National Energy Retail Law (Queensland) Regulation 2014* to align Queensland legislation with changes to national energy law to enhance competition in electricity metering services.

The proposed amendments align Queensland legislation with national energy law in two main ways:

- Updating terminology, such as definitions for specific terms related to metering, to be consistent with the National Electricity Rules and the National Energy Retail Rules;
- Aligning Queensland legislation with the new roles and responsibilities set out in the National Electricity Rules and the National Energy Retail Rules.

Without amendment, the new regulatory framework for metering services came into effect on 1 December 2017 via changes to the National Electricity Rules and the National Energy Retail Rules. These amendments will ensure consistency with these national regulatory instruments.

Consistency with policy objectives of authorising law

This amendment regulation is part of a larger strategic agenda to improve competition in the energy market for the benefit of customers. The objective of this amendment regulation, namely to align Queensland legislation with changes to national energy law to enhance competition in electricity metering services, is consistent with the stated objectives of both the *Electricity Act 1994* and the *National Energy Retail Law (Queensland) Act 2014*.

With respect to the *Electricity Act 1994*, the amendment regulation is consistent with the objectives set out in section 3 which state the importance of a competitive and efficient electricity market which aligns with national electricity reforms and that customers' interests are protected.

With respect to the *National Energy Retail Law (Queensland) Act 2014*, the amendment regulation is consistent with the National Energy Retail Objective set out in section 13 of the National Energy Retail Law, which is to promote efficient investment in, operation and use of energy services for the long term interests of consumers of energy.

Inconsistency with policy objectives of other legislation

The amendment regulation is also consistent with the policy objectives of other legislation. The amendments to the *National Energy Retail Law (Queensland) Regulation 2017* and *Electricity Regulation 2017* are consequential amendments resulting from changes in the national regulations.

Benefits and costs of implementation

The costs and benefits of the implementation of this amendment regulation have not been calculated as the amendments are of a consequential nature to align Queensland legislation with changes to national energy law to enhance competition in electricity metering services.

However, the costs and benefits of the new regulatory framework for electricity metering has been extensively assessed, including economic modelling of expected costs and benefits, and widely consulted over a three year period. This information is available at www.aemc.gov.au.

Consistency with fundamental legislative principles

No breaches of fundamental legislative principles have been identified.

Consultation

For the development of the amendment regulation, the Government has consulted with Queensland's electricity distributors, and electricity retailers operating in Queensland.

During the development of the new national regulatory framework for electricity metering services, the Australian Energy Market Commission undertook extensive public consultation:

- On 17 April 2014, the Australian Energy Market Commission published a consultation paper to facilitate stakeholder comment on the issues raised by the rule change request. The Australian Energy Market Commission received 33 submissions to the consultation paper from a wide range of stakeholders.

- Between June 2014 and January 2015, the Australian Energy Market Commission held six stakeholder workshops to explore the issues raised by the rule change request in more detail and give stakeholders an opportunity share their views on the proposed arrangements.
- On 26 March 2015, the Australian Energy Market Commission published a draft determination and draft rule. The Australian Energy Market Commission received 47 submissions, including a number of supplementary submissions. The Australian Energy Market Commission also held a public forum on 30 April 2015.
- On 16 July 2015, the Australian Energy Market Commission held an operational workshop to discuss a number of operational issues raised in submissions to the draft determination and draft rule.

Throughout this process, the Queensland Government monitored industry views and engaged with a variety of stakeholders including electricity retailers, electricity distributors, consumer representatives, energy market bodies such as the Australian Energy Market Commission, Australian Energy Regulator and the Australian Energy Market Operator, and other governments.

In accordance with *The Queensland Government Guide to Better Regulation*, the Office of Best Practice Regulation was not consulted in relation to the regulatory proposal. The department applied a self-assessable exclusion from undertaking further regulatory impact analysis (category (a) – Regulatory proposals that make consequential amendments) as the proposed amendments are consequential to changes to national energy law.

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