

Energy (Renewable Transformation and Jobs) (Transmission Ring-fencing Rule) Amendment Regulation 2024

Explanatory notes for Subordinate Legislation 2024 No. 217

made under the

Energy (Renewable Transformation and Jobs) Act 2024

General Outline

Short title

Energy (Renewable Transformation and Jobs) (Transmission Ring-fencing Rule) Amendment Regulation 2024

Authorising law

Sections 170A and 177 of the *Energy (Renewable Transformation and Jobs) Act 2024*

Policy objectives and the reasons for them

Ring-fencing

On 1 March 2024, the Australian Energy Regulator's (AER) new *Ring-fencing Guideline Electricity Transmission Version 4* (version 4) came into full effect, replacing the former *Ring-fencing Guideline Electricity Transmission Version 3* (version 3). The version 4 guidelines impose additional and expanded obligations on Powerlink as a Transmission Network Service Provider.

Compliance with all additional and expanded obligations in version 4, would require Powerlink to divert focus from Queensland's energy transformation, including the new roles and functions outlined in the *Energy (Renewable Transformation and Jobs) Act 2024* (i.e., Priority Transmission Investments and Renewable Energy Zones). To ensure Powerlink remains focused on supporting Queensland's energy transformation, targeted derogations are required in relation to the legal separation obligation, obligation not to discriminate, information access and disclosure obligation, and staff separation obligation contained in version 4 of the guidelines. These derogations will require Powerlink to comply with the previous, corresponding version 3 obligations (in each version 4 obligation's place).

These modifications are necessary to enable Powerlink to deliver its key role in energy transformation, and the Regulation will enable Powerlink to comply with its Energy Act obligations, which in turn are directly related to achieving the Energy Act's main

purposes contained in section 3(a) and (b) of the Energy Act. As a result, the Regulation is necessary to achieve these main purposes of the Energy Act.

Categories of costs under Job Security Guarantee Fund

The Energy Act established the Job Security Guarantee Fund, with purposes that include the implementation of the Job Security Guarantee, to ensure affected energy workers have secure futures, choices, clear employment pathways and opportunities.

The Energy Act provides for a Regulation to prescribe the categories of costs that can be paid from the Fund. The *Energy (Renewable Transformation and Jobs) Regulation 2024* prescribes several cost categories as eligible for payment from the Fund, including support for affected energy workers, retention payments and incentives in section 89(b) of the Energy Act, and funding for the Energy Industry Council and Queensland Renewable Energy Jobs Advocate. Currently, the Regulation does not provide for the implementation or ongoing administration of the Fund.

To support the implementation and the administration of the Job Security Guarantee Fund, the *Energy (Renewable Transformation and Jobs) (Transmission Ring-fencing Rule) Amendment Regulation 2024* will prescribe the costs of administering the fund as eligible to be paid from the Fund.

Achievement of policy objectives

Ring-fencing

Section 170A of the Energy Act enables a Regulation to derogate from the ring-fencing obligations.

The *Energy (Renewable Transformation and Jobs) (Transmission Ring-fencing Rule) Amendment Regulation 2024* disapplies the version 4 obligations related to the legal separation obligation, obligation, obligation not to discriminate, information access and disclosure obligation, and staff separation obligation. It applies the corresponding version 3 obligation in its place. Other than these select obligations, the remaining obligations under the version 4 guidelines will remain in effect. The Regulation clarifies that the reporting obligation process under version 4 applies to both the unmodified version 4 obligations and the version 3 obligations applying to Powerlink, and that the version 3 waiver application process will be available to the version 3 obligations.

This will ensure that Powerlink remains subject to no fewer obligations than those established under the version 3 guidelines. All other obligations under version 4 will apply to Powerlink.

Categories of costs under Job Security Guarantee Fund

The *Energy (Renewable Transformation and Jobs) (Transmission Ring-fencing Rule) Amendment Regulation 2024* amends section 5 of the *Energy (Renewable Transformation and Jobs) Regulation 2024* to insert the costs of administering the fund as a prescribed category of costs eligible for payment from the Fund.

Consistency with policy objectives of authorising law

The Regulation is consistent with the policy objectives of the Act.

Inconsistency with policy objectives of other legislation

The *Energy (Renewable Transformation and Jobs) (Transmission Ring-fencing Rule) Amendment Regulation 2024* contains derogations from the National Electricity Rules (NER) and the Transmission Ring-fencing Guidelines made under those rules, creating inconsistency.

The inconsistencies are considered justified to achieve the policy objectives, and the derogations have been tailored to limit the extent of the inconsistency. The derogations will also be temporary, as section 170D of the Energy Act provides that the Regulation will expire on 31 December 2035. Further, section 170C of the Energy Act requires that the Regulation is reviewed by the Minister within 3 years of being made.

Alternative ways of achieving policy objectives

There is no other way to achieve the policy objectives.

Benefits and costs of implementation

The *Energy (Renewable Transformation and Jobs) (Transmission Ring-fencing Rule) Amendment Regulation 2024* is necessary to support Powerlink in fulfilling its legislative responsibilities under the Energy Act, supporting a smooth, coordinated energy transformation. No implementation costs are anticipated for the ring-fencing elements of the Regulation.

The Queensland Energy Workers' Charter and Queensland Energy and Jobs Plan committed \$150 million for a Job Security Guarantee for affected energy workers. This Amendment Regulation will support the administration and implementation of the Fund and ensure it can achieve its purposes. The implementation of the Fund will provide substantial benefits, including by supporting affected energy workers and providing them with choices, security and certainty throughout the energy transformation.

Consistency with fundamental legislative principles

The *Energy (Renewable Transformation and Jobs) (Transmission Ring-fencing Rule) Amendment Regulation 2024* is consistent with fundamental legislative principles.

Consultation

Powerlink and the AER were consulted in development of the Regulation.

The interim Energy Industry Council was consulted on the Job Security Guarantee Fund amendment.