



10 June 2022

Ms Anna Collyer
Chair
Energy Security Board
COAG Energy Council Secretariat
King Edward Terrace
PARKES ACT 2600

Email to: info@esb.org.au

Dear Ms Collyer

Transmission access reform

Energy Queensland Limited (Energy Queensland) welcomes the opportunity to provide comment to the Energy Security Board (ESB) in response to its consultation paper *Transmission Access Reform (Consultation)*.

This submission is provided by Energy Queensland, on behalf of its related entities, specifically including:

- Distribution network service providers, Energex Limited (Energex) and Ergon Energy Corporation Limited (Ergon Energy Network); and
- Retailer, Ergon Energy Queensland Pty Ltd (Ergon Energy Retail).

Energy Queensland acknowledges the ESB's transmission access objectives and considers it necessary to develop a solution which delivers investment and operational efficiencies while mitigating the cost impacts for consumers. However, while the ESB outlines an intention to consider implementation costs associated with each of the four shortlisted models, these costs are not yet sufficiently clear to enable stakeholders to make an informed decision. In our view, implementing a congestion management model (CMM) without a detailed understanding of implementation costs increases the financial risks for industry and customers. We therefore suggest that each of the four proposed models be subjected to a rigorous cost-benefit analysis prior to stakeholders being asked to consider which model is best suited to achieve the ESB's transmission access objectives.

We also consider there is insufficient information detailing how the CMM is intended to operate. The opportunity exists for the ESB to make public a detailed worked example which clearly shows how locational marginal pricing is meant to work and its impact on participant costs and the settlement process.

We also acknowledge that it is standard practice for a generator to locate adjacent to a fuel source (weather related and/or thermal) to reduce fuel transport costs. We further acknowledge the misalignment between the existing transmission grid and the proposed Renewable Energy Zones and remain concerned that congestion models do not appear to adequately address this issue. In our view, increasing costs faced by generators in the form of connection and/or congestion management fees will likely complicate and deter investment. Noting the ESB advises that transmission investment is being considered separately as part of the Australian Energy Market Commission's Transmission Planning and Investment Review, we believe effective coordination between generation, storage and transmission investment is needed to ensure the objectives are achieved with least cost.

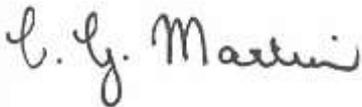
Further, Ergon Energy and Energex, as the Queensland distribution network service providers, currently have 55 registered generators committed and/or connected to the distribution network in Queensland, of which 23 are either scheduled or semi-scheduled, representing 1.4GW of generation. We suggest any access reforms must consider how existing and future large distribution connected generation is considered. At present, the open access regime applies, with dispatch by the Australian Energy Market Operator through the National Electricity Market Dispatch Engine, which includes relevant distribution network constraints.

Energy Queensland would appreciate greater clarity regarding the application of the congestion zones and how these apply to distribution networks, including the addition of the charging mechanism. Based on the Consultation, we also envisage that open access would no longer apply, with the charge providing some measure of fixed access. Similarly, we seek to understand if this would also apply to distribution networks. Similar questions apply for the transmission queue.

In our view, it is essential that the treatment of all registered generators is well understood and consistent to ensure lowest cost to consumers and reduction of risk for generators.

Should the ESB require additional information or wish to discuss any aspect of this response, please contact me on 0438 021 254 or Laura Males on 0429 954 346.

Yours sincerely



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