

Incorporating an emissions reduction objective into the national energy objectives – stakeholder feedback template

This template has been developed to assist stakeholders in providing feedback on the *National Energy Laws Amendment (Emissions Reduction Objectives) Bill 2022* (Draft Bill).

Chapter 3: Approach to incorporating an emissions reduction objective

Question 1: Do you consider incorporating the emissions reduction objective into the existing 'economic-efficiency' framework is an effective way of integrating the concept into the decision making of energy market bodies?

Feedback 1:

It is vital that we transition to renewable energy as quickly as possible. The current National Electricity Objective is hindering the ability to make strategic and urgent decisions and investments in renewable energy transmission and generation. Incorporating an emissions reduction objective will make it significantly easier to build projects that allow more renewable energy to be added to the grid. In Queensland this includes grid upgrades and transmission extensions to access renewable energy resources further inland to power Queensland's coastal industry hubs such as Gladstone and Townsville.

Adding emissions reduction into the objective is the easiest and quickest way to prioritise it in decision making, however, this is not the only change that needs to be made. We support the Australian Council of Social Services (ACOSS) call to incorporate an explicit reference to social equity in the NEO as well. To be efficient, a suite of interrelated changes could be made now, which would also realise benefits sooner. At a minimum, Governments should commit in principle to making these changes, and outline at the next Energy Ministers meeting, their next steps and timeline on these important system reforms.

We also support better integration of land use and environmental planning with electricity grid upgrade decisions so that transmission and generation projects are prioritised into more suitable areas and areas of high conservation value are precluded.

Question 2: Is the current level of discretion afforded through an 'economic efficiency' framework appropriate for balancing an emissions reduction component against existing components of the energy objectives?

Feedback 2:

There will be inevitable trade offs and compromises between price, security, equity and emissions under any framework so we support using the existing 'economic efficiency' framework.

Question 3: Do you consider that, for certain instances/processes, market bodies should develop/update guidance material to assist market participants in understanding how market bodies will interpret the proposed revised national energy objectives?

- a) *What are these instances/processes and what sort of content would you want to be included in this guidance?*

Feedback 3:

We believe that more guidance is needed around the Renewable Energy Zone process and this should include guidance on how the updated objectives will be assessed.. This should be delegated to the Jurisdictional Planning Body and include an outline of how the JPB will balance cost, emissions reduction and land impacts.

Section 3.3 Reference to Australia's greenhouse gas emissions reduction targets

Question 4: *Does this approach give an appropriate level of clarity as well as discretion to market bodies to consider relevant targets in their decision making? If not, detail your reasons and suggested solutions.*

Feedback 4:

We support the inclusion of targets, however note that the current targets, particularly Queensland's state emissions reduction target, are inadequate. All targets should be considered a floor of emissions reduction rather than a ceiling.

Question 5: *Does the inclusion of 'public commitments' including 'publicly as a matter of policy,' as well as legislated targets, provide sufficient certainty for effective consideration of an emissions objective by market bodies?*

Feedback 5:

We support the inclusion of public commitments and policy as well as legislated targets. The energy policy space is moving so quickly that important policy, such as the Queensland Energy and Jobs Plan, has an anticipated lag of nearly a year before it is legislated.

Additionally, the renewable energy rollout at the scale we need will rely on a comprehensive planning framework and suite of documents to deliver renewable energy in a way that is positive for nature and communities. This framework will not all be legislated but should be considered by market bodies.

Section 3.4 Amendments to acknowledge interactions between electricity and gas markets and enable management of transition impact

Questions on 'consumers of energy'

Question 6: *Do you agree that the proposed change to 'consumers of energy' is necessary and appropriate to recognise the interconnections between the two energy markets and to enable future decisions to consider the implications for the energy system as a whole?*

Feedback 6:

We support the change to 'consumers of energy' to recognise the interconnection between the two energy markets, and that the transition to electrification needs to be managed between the gas and electricity sectors.

Electrification of our homes and businesses needs to be prioritised to get us off fossil fuels as it is the quickest way to reduce emissions. When emissions reductions are included in the Objectives, this should drive network investment decisions towards electrification. Other solutions such as hydrogen blending and

other green gas options are not currently able to decarbonise our buildings at the scale and speed that electrification can.

Question 7: *What impacts (positive and/or negative) would the proposed change have on your organisation or your stakeholders/customers?*

- a) *What are these instances/processes and what sort of content would you want to be included in this guidance?*
- b) *Do you foresee any unintended adverse consequences coming from such a change, especially for market participants or consumers?*

Feedback 7:

Questions on 'supply of energy'

Question 8: *Do you consider the additional change to 'supply of energy' is necessary given the reasons above?*

Feedback 8:

Question 9: *Do you agree that the market bodies, when making a decision under the NEL/NER should be empowered to consider the implications for price, reliability, security etc. in the gas market and vice versa? If not, what are other ways of managing the potential implications of the transition on all energy consumers?*

Feedback 9:

There needs to be an overarching strategy to manage the transition away from a gas market for homes and small businesses in Australia. Otherwise we will reach a situation where projects which drive electrification create unacceptably high prices for customers left on the gas network. The costs of supplying fewer customers and ultimately decommissioning the gas network needs to be managed equitably. A good start would be to collect revenue from the excessive and unjustifiable profits being made by companies selling Australian gas at the expense of Australian consumers due to supply constraints caused by war.

Question 10: *Do you foresee any unintended adverse consequences coming from such a change, especially for market participants or consumers?*

Feedback 10:

Section 3.5 Consequential changes

Question 11: *Do you have views on other consequential changes that might be required for the NEL, NGL or NERL as part of implementing the emissions reduction component?*

Feedback 11:

Question 12: *Are there existing rules or regulations under the national energy laws that may require consideration of consequential changes? If so, please provide details including why consequential changes are envisaged as necessary or appropriate.*

Feedback 12:

Question 13: *Do you have views on any rules that would benefit from a concurrent change within the current Bill process? If so, please provide details of the changes and the reasons why they would benefit from a concurrent change.*

Feedback 13:

Question 14: *Do you have views on/are you aware of any rules that might benefit from more explicit reference to the objectives as a whole, or specifically the emissions reduction component?*

Feedback 14:

Section 3.6 Commencement and transitional arrangements

Question 15: *Do you agree with the proposed Proclamation date being six months after passage through the South Australian Parliament?*

Feedback 15:

Question 16: *What are your views on the proposed transitional arrangements in the Draft Bill?*

- a) *Are there particular processes that should be subject to different transitional arrangements?*
- b) *How or where should arrangements for these specific processes be prescribed – in the primary legislation or through a subordinate instrument?*

Feedback 16:

Question 17: *What already-commenced regulatory processes under the energy laws or rules might benefit from transitional arrangements that provide for the emissions reduction component to apply (i.e. automatically and not be subject to market body discretion)?*

- a) *Should business-initiated processes such as RIT-Ts and RIT-Ds be captured, rather than just market body processes?*

Feedback 17:

Question 18: *Should market bodies be afforded a broad discretion to decide when to apply the amended objective to a process that is ‘underway’?*

Feedback 18:

Question 19: *Are there logical points in multi-stage and/or multi-year processes (e.g. RIT-T and RIT-D assessment processes and revenue determination processes/resets) after which the emissions reduction component should or should not be able to be applied?*

- a) Should a RIT-T process be considered ‘underway’ when a project specification consultation report has been made available (clause 5.16.4(c)), or at a different stage?*
- b) Should a RIT-D process be considered ‘underway’ when an options screening report or determination has been published (clause 5.17.4(b)) and (c), or at a different stage?*
- c) Electricity – should a revenue determination/reset be considered ‘underway’ when the network service provider has submitted its initial revenue proposal (clause 6A.10.1 for transmission and clause 6.8.2 for distribution), or at a different stage?*
- d) Gas – should a gas access arrangement process be considered ‘underway’ when an access arrangement proposal is lodged with the AER under rule 46(1A) in the NGR, or at a different stage?*

Feedback 19:

Chapter 4: Application by market bodies of the proposed changes

Question 20: *Do you agree with the characterisation of how market bodies’ decision processes might be impacted or changed as a result of inclusion of an emissions reduction component in the energy objectives?*

Feedback 20:

Question 21: *Do you have any concerns with regards to the impact an emissions reduction component in the energy objectives may have in broadening the scope of the AEMC’s rule making power or the decision-making powers of the other market bodies under the laws and rules?*

Feedback 21: