QUEENSLAND FARMERS' FEDERATION
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Submission

22 May 2019

Ms Anne Pearson
Chief Executive
Australian Energy Market Commission (AEMC)
PO Box A2449
Sydney South NSW 1235

Dear Ms Pearson

Re: Consultation Paper - National Electricity Amendment (Transparency of New Projects) Rule

The Queensland Farmers' Federation (QFF) is the united voice of intensive, semi-intensive and irrigated agriculture in Queensland. It is a federation that represents the interests of peak state and national agriculture industry organisations, which in turn collectively represent more than 13,000 farmers across the state. QFF engages in a broad range of economic, social, environmental and regional issues of strategic importance to the productivity, sustainability and growth of the agricultural sector. QFF's mission is to secure a strong and sustainable future for Queensland farmers by representing the common interests of our member organisations:

- CANEGROWERS
- Cotton Australia
- Growcom
- Nursery & Garden Industry Queensland (NGIQ)
- Queensland Chicken Growers Association (QCGA)
- Queensland Dairyfarmers' Organisation (QDO)
- Australian Cane Farmers Association (ACFA)
- Flowers Australia
- Pork Queensland Inc.
- Queensland United Egg Producers (QUEP)
- Queensland Chicken Meat Council (QCMC)
- Bundaberg Regional Irrigators Group (BRIG)
- Burdekin River Irrigation Area Irrigators Ltd (BRIA)
- Central Downs Irrigators Ltd (CDIL)
- Pioneer Valley Water Cooperative Ltd (PV Water)
- Theodore Water Pty Ltd.

QFF welcomes the opportunity to provide comment on the AEMC Consultation Paper regarding the National Electricity Amendment (Transparency of New Projects) Rule. We provide this submission without prejudice to any additional submission from our members or individual farmers.

Background

QFF understands that the Australian Energy Market Commission (AEMC) has received three rule change requests relating to the transparency of new projects in the National Electricity Market (NEM).

1. On 15 December 2018, the Australian Energy Council (AEC) submitted a rule change request seeking to increase the transparency of new projects and improve information provision in the NEM. The request has four key elements:

- Codifying AEMO's generation information page in the National Electricity Rules (NER or Rules).
- Imposing a requirement on intending participants to notify AEMO of any change to the information they provided during the intending participant registration process (e.g. when the nature of their projects change).
- Broad reforms to the intending participant category (e.g. requiring new project developers to register as an intending participant), consistent with the proposals made by AEMO.
- Changes to assist AEMO in disclosing confidential information, where that information has subsequently reached the public domain.

2. On 31 December 2018, the Australian Energy Market Operator (AEMO) submitted a rule change request seeking to allow a developer to register as an intending participant for the purposes of building a grid-scale generating system or an industrial development (e.g. a load), despite such a person never intending to register as market participant.

3. On 15 March 2019, Energy Networks Australia submitted a rule change request seeking to explicitly allow transmission network service providers (TNSPs) to publish certain information they have received from connection applicants regarding new and proposed connections.

QFF understands that the consultation paper covers the proposals in all three rule change requests. In accordance with s.93 of the National Electricity Law (NEL), AEMC has consolidated these three rule changes requests into one request as all proposals consider the related issue of how to increase transparency of new generator (including renewable) connections onto the network.

Queensland - Opportunities and Challenges

There are significant changes underway in the NEM with the increasing penetration of renewable generation. The consultation paper states that approximately 4GW of committed new renewable generation is expected to be available over the next few years. AEMO's 2018 Electricity Statement of Opportunities (ESOO) identified that a further 50GW of proposed projects (mostly renewable generation) are in various stages of development, which is equivalent to the current capacity of the NEM.

Queensland as an example, has 21 existing large-scale solar photovoltaic (PV) facilities generating over 1,000 MW, 13 facilities under construction (868 MW) and a broader 'project pipeline' of 70 potential projects with a combined capacity of 15,750 MW[1,2]. Of the proposed facilities, three are in excess of 1,500 MW each[2], noting not all of the projects in the 'pipeline' will make it to construction. Queensland also has 6 battery storage projects under development with a combined capacity of 3,122 MW.

As a low-end estimate, Powerlink suggests a maximum of 10,950 MW of available network capacity[3]. This compares to approximately 7,500 MW of capacity needed to reach the 50 per cent renewable energy target set by the state government.

[1] Queensland Government. Powering Queensland Plan: An Integrated Energy Strategy for the State. Department of Energy and Water Supply. https://www.dnrme.qld.gov.au/__data/assets/pdf_file/0008/1253825/powering-queensland-plan.pdf Accessed 30 January 2019
[2] https://maps.dnrm.qld.gov.au/electricity-generation-map/. Accessed 31 January 2019.

The development of large-scale solar PV facilities across Queensland is supported by the state government's commitment to a 50 per cent renewable energy target by 2030. Much of the siting and development of large-scale solar facilities has occurred in regional Queensland. Small local governments lack adequate resourcing for the consistent assessment and conditioning (development approvals) of these facilities, despite the considerable land-footprint and infrastructure requirements.

Large-scale solar facilities are currently assessed by local government under regional planning schemes, and do not trigger an assessment under the *Regional Planning Interests Act 2014 (Qld)*, even if they are in an area of regional interest, such as a Priority Agricultural Area (PAA) or a Strategic Cropping Area (SCA), because they are not resource or regulated activities. Large-scale solar facilities are also not assessed under the *Environmental Protection Act 1994 (Qld)*. This is contrary to other large-scale resource and energy generation activities (such as electricity generation over 10MW[3]) which are rigorously assessed at state level, requiring an Environmental Authority to manage on-site and off-site impacts[4] and, in some cases, a requirement for a financial assurance; and for activities with a large land-disturbance the submission of construction and rehabilitation plans.

To date, over 10,000ha[5] of Good Quality Agricultural Land (GQAL)[6] in Queensland has been developed for large-scale solar facilities. It is worth noting that GQAL is expensive to purchase with increasing land values within the majority of grazing, horticultural, small crop and dryland farming industries[7], and has been selected due to its proximity to existing electricity infrastructure (sub-stations and high voltage power lines); with the additional costs of land purchase offsetting the costs of building new power-infrastructure.

Queensland's agricultural sector is a strong advocate for increasing the amount of energy generated from renewable and low carbon technologies to reduce greenhouse gas emissions, reduce climate change impacts and stimulate investment in new jobs and businesses, particularly for regional areas. Many agricultural businesses have adopted on-farm solar technologies amongst other renewable energy technologies to combat rising demand-based electricity prices. There are significant opportunities for the co-location of various renewable energy systems across Queensland's agricultural sector.

Queensland's agricultural sector is also a significant adopter of renewable energy and bioenergy technologies. One area of available funding for farmers is the Clean Energy Finance Corporation (CEFC) which is responsible for investing $10 billion in clean energy projects on behalf of the Australian Government to assist lowering Australia's carbon emissions by investing in renewable energy, energy efficiency and low emissions technologies. Three years of CEFC data provided to QFF showed loans to agribusinesses for more than 1,000 projects valued at $220 million – the single largest sector investment. The 2015-18 data revealed just under $110 million was invested in more than 400 on-grid and 20 off-grid solar power projects[8].

The extent of agricultural investment will be many times higher as these figures are only based on CEFC-financed loans and do not include the projects where farmers have purchased renewable or energy efficiency technologies outright or sought funding elsewhere.

QFF supports the proposed rule change to increase the transparency of new generation projects within the NEM. Of current concern, is the potential augmentation costs associated with new generation capacity entering the grid, (via transmission and distribution networks); and the potential

[3] For example, under the *Environmental Protection Regulation 2008 (Qld)*, Electricity Generation of 10MW or over requires an Environmental Authority – Environmentally Relevant Activity 14 (ERA 14).
[4] Environmentally Relevant Activity (ERA14) under the *Environmental Protection Regulation 2008 (Qld)*, specifies ERA14 as "Electricity generation (the relevant activity) consists of generating electricity by using fuel at a rated capacity of 10MW electrical or more".
[5] Estimate based on available data as at 5 September 2018 based on mapping, taking into account actual foot-print data where available (usual classification is land-parcel data).
[6] Good quality agricultural land (GQAL) in Queensland includes PAA, SCA, SCL, IAA and ALC Class A & B agricultural land
[7] Valuer-General's 2019 Property Market Movement Report. State Valuation Service, Department of Natural Resources Mines and Energy. https://www.dnrme.qld.gov.au/media/documents/titles-and-valuations/valuations/valuer-generals-property-market-movement-report/2019-property-market-movement-report.pdf. Accessed 10 March 2019.
[8] Davis, G. Farmers Continue to Embrace Solar. Sustainability Matters. April-May 2019. Vol 12. No.3. Pp32-33

pass-through of these costs to electricity consumers. QFF believes that greater transparency can assist to improve information and opportunities for coordination between connection proponents (i.e. generators) to deal with real (and live) issues such as system strength with a view to minimising investment costs for remediation.

Electricity prices for Queensland's intensive agricultural sector are now unsustainable, particularly for a heavily trade-exposed sector where energy, water and the climate are so inextricably connected. Some Queensland farmers have been on the receiving end of electricity cost increases of more than 200 per cent in 10 years, while CPI has increased by just 24 percent over the same period.

Increased transparency, including on the status and progress of 'new generation' applications, may also lead to better facility location-planning by connection/project proponents, which may improve the current 'land-grab' Queensland is experiencing around high-voltage assets.

QFF also notes the benefits from greater coordination outlined in the consultation paper (Box 3, page 34-35). If you have any queries regarding this submission, please do not hesitate to contact Dr Georgina Davis at georgina@qff.org.au.

Yours sincerely

Travis Tobin
Chief Executive Officer