



QUEENSLAND FARMERS' FEDERATION

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Submission

12 February 2021

Mr David Swift
Independent Deputy Chair
Energy Security Board

Via email: info@esb.org.au

Dear Mr Swift

Re: Energy Security Board, Renewable Energy Zones Consultation Paper, January 2021

The Queensland Farmers' Federation (QFF) is the united voice of intensive and irrigated agriculture in Queensland. It is a federation that represents the interests of 21 peak state and national agriculture industry organisations and 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)
- Queensland United Egg Producers (QUEP)
- Turf Queensland
- Queensland Chicken Meat Council (QCMC)
- Bundaberg Regional Irrigators Group (BRIG)
- Burdekin River Irrigation Area Irrigators Ltd (BRIA)
- Central Downs Irrigators Ltd (CDIL)
- Fairbairn Irrigation Network Ltd
- Mallowa Irrigation Ltd
- Pioneer Valley Water Cooperative Ltd (PV Water)
- Theodore Water Pty Ltd
- Eton Irrigation Scheme Ltd
- Pork Queensland Inc
- Tropical Carbon Farming Innovation Hub
- Lockyer Water Users Forum (LWUF).

The united voice of intensive and irrigated agriculture



QFF welcomes the opportunity to provide comment on the Energy Security Board's, Renewable Energy Zones Consultation Paper, January 2021. We provide this submission without prejudice to any submission from our members or individual farmers.

Background

On 5 January, the ESB published a consultation paper on Renewable Energy Zones (REZs). The purpose of the paper was to give stakeholders the opportunity to comment on the options to introduce an interim framework for the implementation of Renewable Energy Zones (REZs). As such, the paper set out a series of options for how REZs could be implemented, including how to establish a REZ, and how to maintain a REZ once it is established. It also discussed how the shared transmission elements of REZs are funded.

Summary of Concerns

There are elements of the proposal that require further review and consideration, not least the apparent undue focus throughout the consultation paper on the benefits for generators who want to connect to the network as opposed to potential impacts on electricity customers (from rising costs and therefore electricity prices).

QFF notes the proposed appointment of a REZ coordinator who appears to have powers to 'instruct' the transmission networks to accept a generator or install specific infrastructure to manage that connection. The REZ coordinator must be the relevant transmission authority as they operate the network and have the resources to effectively manage new generation capacity and any relevant augmentation required. Furthermore, the consultation paper suggests that the REZ coordinator would need to oversee costs and cashflows, hold generator auctions, allocate capacity to successful generators and manage access rights. As such, QFF supports the ESB's view that each State Government should appoint their own REZ coordinators.

QFF also queries if a regulated solution to REZs is the right approach. REZ development should be market based, rather than centrally planned, solutions. Some of the key benefits of this is to help avoid regulatory lag and the allocation of investment risk to proponents rather than consumers. Any approach must consider the nature and source of capital and the capital structure. Of the four REZ access options described in the consultation paper, Option 1 (physical access protection) and Option 2 (financial access protection) are credible options that could be explored in further detail.

QFF is highly concerned that more renewable energy projects will be funded or at least subsidised by the customer (through their designation as a regulated asset project as well as augmentation requirements for the transmission network); and that AEMO will have powers to declare a REZ as a system strength zone and, as such design and specify new infrastructure (presumably at customers expense again and without a mandatory requirement for the input or agreement of the transmission network).

QFF does support the development of a nationally applicable REZ framework to facilitate transformational change in the energy market. The orderly development of renewable generation and, particularly, storage capacity in REZs across the National Electricity Market, consistent Queensland's identified REZs, will benefit customers by facilitating transparency and the lowest cost energy solutions. However, the unique characteristics of the States and the existing state-based frameworks are not adequately considered in the consultation paper.

Yours sincerely

Dr Georgina Davis
Chief Executive Officer