Queensland

# Electricity Amendment Regulation (No. 1) 2011

## Explanatory Notes for SL 2011 No. 42

made under the

*Electricity Act 1994*

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# General outline

## Short title

*Electricity Amendment Regulation (No. 1) 2011*.

## Authorising law

Sections 135ELA, 131A and 61B of the *Electricity Act 1994* (the Act).

## Policy objectives and reasons for them

The objective of the subordinate legislation is to make minor and consequential amendments to the *Electricity Regulation 2006* to:

- prescribe the percentage of liability for the Queensland Gas Scheme 2011 target; and
- reflect changes resulting from the New South Wales (NSW) Government's sale of the retail business of Country Energy in order to provide certainty in relation to obligations under Queensland's retailer of last resort (ROLR) scheme and solar bonus scheme.

***Prescribed annual Queensland Gas Scheme target***

The policy objective of the amendment to the *Electricity Regulation 2006*, pursuant to section 135ELA(c) of the Act, is to establish the Queensland Gas Scheme (QGS) prescribed percentage of liability (target) for the 2011 compliance period, namely 15 per cent (being the same target as for the 2010 compliance period). This minor amendment will prescribe the mandatory annual Gas Electricity Certificate (GEC) liability that parties participating in the QGS must surrender.

***The New South Wales Government's sale of the retail business of Country Energy***

The subordinate legislation makes minor amendments to the *Electricity Regulation 2006* which have arisen as a consequence of the NSW Government's sale (1 March 2011) of the retail business of Country Energy to Origin Energy Electricity Limited (OEEL) (and other Origin Energy companies).

Prior to the sale of its retail business, Country Energy (under special approval no. SA21/98 issued under the Act) provided both electricity distribution and retail services to customers in the Goondiwindi, Texas and Inglewood areas. Country Energy was also the ROLR for affected customers in that area. As of 1 March 2011, OEEL (authorised under special approval no. SA02/11 issued under the Act) is the new electricity retailer for these customers and is now the ROLR should a ROLR event occur.

The NSW Government has retained ownership of the electricity distribution business of Country Energy. However, as part of the rebranding of the distribution business following the sale of Country Energy's retail business, Country Energy was renamed Essential Energy. The subordinate legislation amends the *Electricity Regulation 2006* to reflect the new name of Country Energy's distribution business, Essential Energy.

Previously, Country Energy (in respect of its retail and distribution businesses) was prescribed for the purposes of section 61B of the Act (the solar bonus scheme). The subordinate legislation amends section 127 of the *Electricity Regulation 2006* by prescribing OEEL (as the holder of special approval no. SA02/11 issued under the Act) as a special approval holder for the purposes of the solar bonus scheme. It also replaces the reference in that section to Country Energy's distribution business with Essential Energy.

## Achievement of policy objectives

The amendment regulation achieves its objectives by making minor and consequential amendments to the *Electricity Regulation 2006*. The amendment regulation will ensure that the 15 per cent QGS target, approved by the Queensland Government, is prescribed under regulation for the 2011 calendar year. It also provides certainty in relation to Essential Energy's and OEEL's respective obligations under the ROLR scheme and the solar bonus scheme by replacing references to Country Energy's retail business with OEEL and references to Country Energy's distribution business with Essential Energy.

## Consistency with policy objectives of authorising law

The amendment regulation is consistent with the main objectives of the Act, and amends the *Electricity Regulation 2006* to prescribe the percentage of liability for the Queensland Gas Scheme 2011 target and make minor amendments as a consequence of the NSW Government's sale of the retail business of Country Energy.

## Inconsistency with policy objectives of other legislation

The amendment regulation is consistent with the policy objectives of other legislation.

## Alternative ways of achieving policy objectives

The Act sets out the framework for regulating the QGS mandatory annual GEC liability. There are no alternative means to effectively achieve the policy objective.

The Act sets out the framework for the establishment of the ROLR scheme and the compulsory participation by electricity entities in the scheme. To meet the objective of providing certainty around the identity of the electricity entities required to participate in the ROLR scheme no other alternative options were available. This objective can only be achieved by regulatory amendment.

Section 61B of the Act imposes an additional condition on special approval holders prescribed under the *Electricity Regulation 2006* in relation to obligations under the solar bonus scheme. Regulatory amendment is required to meet the objective of providing clarity as to Essential Energy's and OEEL's respective obligations under the scheme.

## Benefits and costs of implementation

As the amendment regulation makes only minor and consequential amendments to the *Electricity Regulation 2006* there are not expected to be any costs associated with the implementation of the subordinate legislation.

## Consistency with fundamental legislative principles

The amendment has been drafted with regard to the fundamental legislative principles and is considered to comply with these principles.

## Consultation

A steering committee consisting of the Department of the Premier and Cabinet, Queensland Treasury, the Office of Climate Change and relevant areas of the Department of Employment, Economic Development and Innovation was established to oversee the development of advice to the Queensland Government on a range of energy policy issues and agreed with the recommendation for the QGS 2011 target. Based on the public announcement of the Queensland Government's *ClimateSmart 2050* climate change strategy, Queensland Gas Scheme participants are aware that there is provision for the scheme target to increase to 18 per cent, with the 15 per cent target certain.

Essential Energy (formerly Country Energy), OEEL and the Queensland Competition Authority were consulted and support the consequential amendments arising from the NSW Government's sale of the retail business of Country Energy. Queensland Treasury confirmed that no Regulatory Assessment Statement was required.

ENDNOTES

1 Laid before the Legislative Assembly on . . .

2 The administering agency is the Department of Employment, Economic Development and Innovation.