

14 October 2020



Shaun Sullivan
Chair of the Senior Officials
National Federation Reform Council Energy Committee
GPO Box 2013
CANBERRA ACT 2601

Dear Mr Sullivan

Regulatory Sandboxing Legislative Amendments

Energy Queensland Limited (Energy Queensland) welcomes the opportunity to provide comment to National Federation Reform Council Energy Committee (NFRC-EC) in response to the Regulatory Sandboxing Legislative Amendments consultation.

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

- Distribution network service providers, Energex Limited and Ergon Energy Corporation Limited;
- Retailer, Ergon Energy Queensland Pty Ltd (Ergon Energy Retail); and
- Affiliated contestable business, Yurika Pty Ltd including its subsidiary, Metering Dynamics Pty Ltd.

Energy Queensland supports the introduction of a framework for regulatory sandbox trials to facilitate innovative proof of concept trials which may have otherwise been stifled under the existing multi-faceted regulatory framework.

While we agree that boundaries are required to protect all parties involved, particularly consumer protections, we suggest that a maximum waiver duration of five years with a possible extension of not more than one year is likely to limit the scope of eligible trials to projects or products with a short payback period (less than five years). Specifically, larger projects requiring a significant upfront capital investment will require a longer period to achieve an appropriate return on investment (for example, battery systems or microgrid technology). These types of projects are likely to require operating the asset / infrastructure until the end of the useful life to achieve the target returns. As such, we suggest the duration of waiver approvals are limited in time appropriate to the specific project purpose. To that extent, we recommend the legislation not prescribe a duration for trial waivers but provide the Australian Energy Market Commission (AEMC) the discretion to set appropriate waiver durations, based on a pre-determined set of criteria such as justification provided by the proponent on the useful life of assets.

Alternatively, should the NFRC-EC adopt the maximum duration of five years, then it would be prudent to allow for an extension to the trial waiver for up to a further five years.

We note that the draft legislation requires the AEMC to give consideration to revoking a trial waiver or rule if recommended by the Australian Energy Regulator. However, it is unclear how this process will work in practice. For example, will the proponent be given

adequate notice to cease the trial or to amend any potential breach of waiver / rule conditions? We suggest the legislation provide for consultation with the trial project proponent in order to protect consumer interests, particularly if the consumer would be negatively impacted by an immediate cancelation of the trial.

Should you require additional information or wish to discuss any aspect of this submission, please do not hesitate to contact myself or Barbara Neil on 0429 782 860.

Yours sincerely



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