

14 February 2019



Mr John Pierce
Chairman
Australian Energy Market Commission
PO Box A2499
Sydney South NSW 1235

Dear Mr Pierce

2019 Economic Regulatory Framework Review

Energy Queensland Limited (Energy Queensland) welcomes the opportunity to provide comment to the Australian Energy Market Commission (AEMC) on its 2019 Electricity Network Economic Regulatory Framework Review Approach Paper (the Approach Paper).

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

- Distribution network service providers (DNSPs), Energex Limited (Energex) and Ergon Energy Corporation Limited (Ergon Energy Network);
- A regional service delivery retailer, Ergon Energy Queensland Limited (Ergon Energy Retail); and
- Affiliated contestable business, Yurika Pty Ltd (Yurika) which includes the Metering Dynamics business.

Energy Queensland is supportive of the AEMC's approach for the 2019 Review as outlined in the Approach Paper, and in particular, to the overarching theme relating to the evolving role of Network Service Providers (NSPs). Energy Queensland also concurs with the AEMC position that over the longer-term, NSPs must transform to respond to customer choice.

Energy Queensland foresees over the next decade the emergence of an increasingly decentralised operating environment which is dynamic, digitally enabled, and offers individually tailored solutions to customers. As DNSPs move towards this vision, they will require flexibility and agility in a regulatory framework which encourages efficient investment and the application of non-network alternatives and services. To enable this, DNSPs will also be required to support a high penetration of Distributed Energy Resources (DER) and other emerging technologies at all levels of the network without compromising the safety, security and affordability outcomes for customers. Energy Queensland is strongly supportive of the work the AEMC is doing to assist DNSPs to deliver a grid of the future.

Energy Queensland is exploring and deploying options to collect data directly from customers or other sources on key trends such as uptake of stand-alone power systems (SAPS), battery storage and electric vehicles. Currently, there are limitations in obtaining this data from third parties due to information privacy and related constraints. As many NSPs also explore ways to collect data, Energy Queensland suggests the AEMC assist in this process.

Energy Queensland acknowledges the potential for expenditure bias as outlined in the Approach Paper, and supports the exploration of alternative models to expenditure assessment and remuneration such as the total expenditure (totex) model. Energy Queensland also notes the AEMC's comment regarding changing the basis for remuneration by setting the proportion of totex to be rolled into a NSP's regulatory asset base.

Queensland is a global leader in the proportion of rooftop solar connections and Energy Queensland supports exploring incentives that reflect a shift away from traditional capex intensive augmentation to focus on low voltage capacity optimisation to respond to increasing DER penetration.

In conclusion, Energy Queensland acknowledges and supports the AEMC's work program outlined in the Approach Paper to address new technologies, support better price signals, and to review the regulatory frameworks for new technologies. Energy Queensland suggests such an approach is necessary to ensure that the regulatory framework is capable of keeping pace with evolution in the energy industry.

Should you require additional information or wish to discuss any aspect of this submission, please do not hesitate to contact myself or Andrea Wold on (07) 3664 4970.

Yours sincerely



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