

4 September 2023

Hon. Mick de Brenni MP  
Minister for Energy, Renewables and Hydrogen  
Minister for Public Works and Procurement  
Lodged by email to: [REZRoadmap@epw.qld.gov.au](mailto:REZRoadmap@epw.qld.gov.au)

Dear Minister,

**Response to QLD Government's consultation Paper on QLD REZ Roadmap**

The Clean Energy Investor Group (CEIG) welcomes the opportunity to provide feedback on the QLD Government's consultation paper on the 2023 Queensland Renewable Energy Zone Roadmap (QLD REZ Roadmap) published in July 2023.

CEIG represents domestic and global renewable energy developers and investors, with more than 16GW of installed renewable energy capacity across more than 76 power stations and a combined portfolio value of around \$38 billion. CEIG members' project pipeline is estimated to be more than 46GW across Australia. CEIG strongly advocates for an efficient transition to a clean energy system from the perspective of the stakeholders who will provide the low-cost capital needed to achieve it.

**Key Points**

- **CEIG supports in-principle the QLD REZ Roadmap** as it provides guidance around how REZs can be expected to be developed. This supports investor confidence.
- **CEIG supports the new REZ Readiness Assessment process** as it will provide early guidance for developers on where to locate.
  - the scope of the strategic assessment could be improved to specifically incorporate land use planning and environmental considerations.
- CEIG welcomes the proposed **review of the QLD planning framework** for renewable energy and supports in-principle the proposal for the QLD and Commonwealth governments to develop **bioregional plans**.

- CEIG supports **pooling funds to achieve greater outcomes around community benefits**, but the QLD Government should:
  - provide early guidance around what fees will be levied on developers, in what quantum, who by and for what purpose to avoid duplication of fees paid by developers;
  - provide guidance on whether and how local Councils could levy fees on developers. Avoiding ‘double dipping’ should be a key consideration.
  - ensure that the fees are not so elevated that they do not leave sufficient financial room for developers to conduct their own social licence programs; and
  - ensure that the cumulative impacts of fees levied on developers are not so great that they decrease the attractiveness of REZs and flow through to higher wholesale prices.
- **Pooled funds should focus on outcomes that will best benefit from coordination** (e.g. delivery of workforce training at regional level).
  - This would help to maximise the value of the ‘local and very local’ benefits that RE projects can deliver to their local hosting community.
- **‘Local and very local’ benefits** are critical to social licence in hosting communities and **must be retained as ‘anchors’** in any scheme that defines how communities benefit from RE projects.
- CEIG seeks clarity on **how REZ infrastructure costs will be recovered** and in what quantum.
- CEIG also seeks **clarity on what benefits generators can be expected to get in return for any REZ fees paid** (e.g. specified congestion levels or MLF outcomes).
  - CEIG encourages the QLD Government to **ensure that any fees charged are commensurate with the benefits received by generators**.
  - Those fees must be part of the government’s assessment of the cumulative impact of all fees charged to **ensure that REZs remain attractive** to generators and that they do not have to increase wholesale electricity prices to recoup high REZ fees from consumers.
- CEIG encourages the QLD Government to **put in place a streamlined and standardised connection process for REZ projects**. The NSW REZ Connection Process provides useful guidance.

### General comments

CEIG commends the QLD Government on its progress to transition QLD’s energy system to renewable energy and on its forward planning through the release of its REZ Roadmap.

CEIG supports in-principle the process proposed in the QLD REZ Roadmap as it provides guidance for industry and communities around how REZs can be expected to be

developed. This supports investor confidence. CEIG supports the proposed review of the REZ Roadmap every 2 years.

The QLD REZ Roadmap has the potential to create a replicable framework that can be applied to all REZs in QLD. This should support renewable energy development once the Roadmap is well understood by all.

### **REZ Readiness Assessment process**

The QLD REZ Roadmap proposes to introduce a new REZ Readiness Assessment process which will consist of strategic regional assessments, followed by detailed local assessments of opportunities and impacts of REZ development.

CEIG supports this new process and welcomes the \$6 million funding allocation to start strategic regional assessments in 3 regions.

Whilst the scope of the strategic assessment is suitably broad:

*“... strategically assess infrastructure, transport, housing and accommodation, workforce, supply chains, waste management, other land uses, and social infrastructure, as well as local industry and First Nations considerations, ...”*

CEIG believes the scope could be improved to specifically incorporate land use planning and environmental considerations. The QLD Government could leverage in the first instance the knowledge held in its agencies that facilitate planning and environmental approval processes.

Early government guidance on which areas are most suitable from land use planning and environmental perspectives can be extremely useful for developers to understand which areas are best to locate in or not. This can avoid uncoordinated development and future social licence issues.

### **Planning framework for renewable energy**

CEIG welcomes the proposed review of the QLD planning framework for renewable energy. CEIG looks forward to engaging with the Department of State Development, Infrastructure, Local Government and Planning on those important issues.

### **Bioregional planning with the Commonwealth Government**

CEIG supports in-principle the proposal for the QLD and Commonwealth governments to work together to develop bioregional plans and looks forward to further engagement on this issue.

CEIG agrees with the importance of plans that

*“better protect areas that matter for the environment and allow for faster development decisions [including] providing clear signals to industry on areas to be protected, areas that can be fast tracked or areas to proceed with caution.”*

**Coordination of community investment schemes to maximise opportunities**

CEIG agrees that pooling funds can help to achieve greater outcomes around community benefits; this will be important to manage risks around REZ delivery and social licence. CEIG makes suggestions around the quantum and structure of fees to be levied, and what the pooled funds could be best spent on.

Quantum and structure of fees levied

However, the QLD Government should:

- provide early guidance around what fees will be levied on developers, in what quantum, who by, and for what purpose; this will help to avoid duplication of fees paid by developers;
- provide guidance on whether and how local Councils could levy fees on developers, with the avoidance of duplication being a key consideration;
- ensure that the fees are not so elevated that they do not leave sufficient financial room for developers to conduct their own social licence programs; and
- ensure that the cumulative impacts of fees levied on developers are not so great that they decrease the attractiveness of REZs and potentially flow through to higher wholesale prices as developers recoup those elevated fees.

What pooled funds could be best spent on

Pooled funds should focus on outcomes that will best benefit from coordination, for example the delivery of workforce training at regional level.

This would help to maximise the value of the ‘local and very local’ benefits that RE projects can deliver to their local hosting community and avoid any duplication.

‘Local and very local’ benefits are critical to social licence in hosting communities and must be retained as ‘anchors’ in any scheme that defines how communities benefit from RE projects.

**Establishment of Regional Energy Reference Groups**

CEIG supports the establishment of Regional Energy Reference Groups that will

*“provide input to assessments and shape local priorities for investment including through a potential coordinated investment scheme.”*

The QLD Government may wish to consider allowing developers to participate in those forums so they can share, leverage and continuously improve the local intelligence they gather through their close relationships with local host communities. It could also help developers feel like they can influence how funds are spent (as opposed to spending being coordinated by a central government body).

**REZ cost recovery framework and cumulative impact of fees**

The QLD REZ Roadmap states that:

*“Under the proposed laws, it is expected that the costs associated with a REZ will be recovered on a commercial basis from REZ proponents as part of their connection and access agreement with Powerlink, with a further decision by Government on any residual costs associated with the REZ.”*

As previously highlighted in our submission<sup>1</sup> on the Exposure draft for the *Energy (Renewable transformation and jobs) Bill 2023*, CEIG seeks further clarity on how REZ infrastructure costs will be recovered and in what quantum.

The QLD REZ Roadmap also states that:

*“Powerlink is committed to implementing a market-led, generator-pays REZ model which promotes the appropriate allocation of risk and costs.*

*The REZ approach delivers benefits for developers by unlocking opportunities for generators to connect to the network, increasing the cost-effectiveness of connecting and optimising the capability of the system. This approach provides significant benefits to developers by facilitating a more coordinated and efficient connection process, with greater transparency, speed and ease in project delivery.”*

CEIG seeks more details around what benefits generators can be expected to get in return for any fees paid (e.g. specified congestion levels, marginal loss factor outcomes, etc.).

The QLD Government must ensure that any fees charged are commensurate with the benefits received by generators. Those fees must be part of the government’s assessment of the cumulative impact of all fees charged to ensure that REZs remain attractive to developers and that generators do not have to increase wholesale electricity prices to recoup high REZ fees from consumers.

### **REZ development - Stage 3 Construction and operation**

CEIG encourages the QLD Government to put in place a streamlined and standardised connection process for projects connecting to a REZ.

The principles outlined in the NSW REZ Connection Process<sup>2</sup> provide useful guidance:

- consider defining REZ access standards (i.e. standardised generation performance standards) that can be replicated across REZs.
  - Powerlink should consult with industry as it develops those standards.
- consider providing centralised system strength in REZs;
- consider facilitating the concurrent processing of applications to connect; and
- consider Powerlink processing power system studies for groups of REZ developers in parallel (including defining and consulting on guidelines for this process).

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<sup>1</sup> CEIG, Jun-23, [CEIG Response to Energy \(Renewable transformation and jobs\) Bill 2023 – Exposure draft consultation](#)

<sup>2</sup> AEMO Services Jun-23, [Draft Tender Information - CWO REZ Access Rights](#)

CEIG thanks the QLD Government for the opportunity to provide feedback on its proposed QLD REZ Roadmap and looks forward to continued engagement on those issues. Our Policy Director Ms. Marilyn Crestias can be contacted at [marilyn.crestias@ceig.org.au](mailto:marilyn.crestias@ceig.org.au) if you would like to further discuss any elements of this submission.

Yours sincerely,



Marilyn Crestias  
Policy Director  
**Clean Energy Investor Group Ltd**  
w: [www.ceig.org.au](http://www.ceig.org.au)