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## **Response to the Review of Queensland's Electrical Safety Act 2002 Report**

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AGL Energy (AGL) welcomes the opportunity to provide feedback to the Final Report into the Review of Queensland's *Electrical Safety Act 2002* (the Final Report).

AGL is one of Australia's leading integrated energy companies and one of the largest ASX listed owner, operator, and developer of renewable generation. AGL is also a significant retailer of energy and telecommunications with 4.3 million customer accounts across Australia. AGL is market leader in the development of innovative products and services that enable consumers to make informed decisions on how and when to use their consumer energy resource (CER) assets to optimise their energy load profile and better manage their energy costs. Our current CER products and services include our leading-edge Virtual Power Plant, Peak Energy Rewards demand response program, retail offer for electric vehicle (EV) owners and EV subscription service.

AGL is a strong supporter of initiatives and reforms that seek to improve safety outcomes and reduce the risk of death, injury, and damage to property. We underscore the importance of developing a robust electrical safety framework that mitigates adverse outcomes to the greatest extent possible while minimising the costs burdens which are ultimately worn by the end consumer. Following AGL's response to the Discussion Paper consultation earlier in 2023, we have identified a number of additional opportunities in the Final Report to strike the right balance between reducing costs and regulatory burdens while promoting the overarching intention of the Review to modernise and improve Queensland's electrical safety framework, Laws and Regulations.

AGL's feedback to various recommendations raised in the Final Report, as well as other matters related to remote re-energisations, de-energisations and visual inspections, is based on our experience as one of Australia's largest providers of electricity, our portfolio of renewable energy assets, our industry-leading smart meter deployment program and AGL's ambitions to be net zero for operated Scope 1 and 2 emissions by 2035, with an interim target to add 5GW of renewables and firming by 2030.<sup>1</sup>

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<sup>1</sup> AGL's operated Scope 1 and 2 greenhouse gas emissions, as reported under the National Greenhouse and Energy Reporting Act 2007, will reduce to net zero following the closure of all AGL's coal fired power stations, targeted by end FY35.



## Recommendations raised in the Final Report

**Recommendation 61:** Consider conducting a review of the financial contributions that support electrical safety in Queensland with a view to require proportionately determined financial contributions from all relevant Government Owned Corporations and industry sectors including electrical contracting and renewable generators, in addition to existing “electrical safety contributions” for distribution entities.

In order to fund the increasing operational costs of maintaining Queensland’s electrical safety framework, the Final Report proposes a review of the existing financial contribution arrangements and the potential to introduce a levy for a broader range of industry sectors. AGL supports the recommendation to conduct a review to accurately assess the current industry contribution model and to ensure that the Electrical Safety Office is adequately resourced to carry out its functions in an increasingly complex energy system. The following matters will need to be considered during and post-review prior to progressing with any reforms:

*“Renewable generators”:* Recommendation 61 proposes that “renewable generators” be subject to the industry levy and allocated a proportionate share of the financial contribution requirements. At this preliminary stage, the Final Report does not sufficiently identify who will be captured under the broad definition of “renewable generators” which could include small customers with residential rooftop solar and EVs. To minimise costs, it is important that small customers are not inadvertently captured in the proposed levy scheme as the additional financial impost from expanding the industry contribution model will already indirectly flow on to and be worn by the end consumer.

*Double-dipping:* If the additional “electrical safety contributions” are already recovered through distribution assets (including through connection fees, and service to property charges), expanding the financial contribution model to include generation assets may result in some entities paying twice. Contributions from distribution entities may need to be proportionately adjusted to ensure an equitable apportionment of funds spread across market participants.

As part of the financial review, AGL recommends that the feasibility of alternative funding models and mechanisms are also explored, including direct funding from government grants, or whether redirecting a percentage of the Queensland Government Asset Ownership Dividend to support the functions of the Electrical Safety Office is an appropriate approach.

**Recommendation 66:** Consider phasing in a requirement for safety switches on all subcircuits in all domestic, commercial and industrial settings, both on and off-grid. In addition, propose that Government work collaboratively to address potential cost impacts that may disproportionately affect vulnerable consumers.

We understand that an iteration of this recommendation (but broader in scope) has previously been put forward as part of a Standards Australia consultation. AGL continues to express its concerns regarding the potential to create retrospective obligations to apply the most current standard to older installations as well as the financial impost it would create for consumers.



The proposed reforms will require that customers incur the costs of not only the switchboard upgrade, but if coupled with recommendations 69 and 70 of the Final Report, there would also be a recurring material expense associated with a registered electrical worker performing an electrical safety inspection to certify that the electrical installation is safe and compliant with standards. At a time when consumers are already impacted by inflationary pressures and the ongoing affordability crisis, without a government support scheme to carry out these upgrades many consumers would find compliance especially burdensome or prohibitively costly.

Further, the Final Report does not specify whether the purpose of this recommendation would be to bring the switchboard up the current standard at each inspection or only to certify that the equipment complies with the standard applicable at the time of installation/rectification.

Clarity on the scope or outcomes sought from the five yearly inspections should be coupled with the other recommendations (i.e. 66, 69 and 70) in order to achieve a clearly defined outcome. If, for instance, a Residual Current Device (RCD) and overload breakers have been installed at the premises, are five yearly inspections needed or warranted, or should the inspections be waived?

To alleviate the financial burden imposed on the end consumer in complying with this recommendation, AGL proposes:

- Noting that new housing stock is already required to install safety switches on all subcircuits, this requirement should apply during change of ownership for the existing premises, for example, following the sale of the property or change of tenancy; and/or
- Establish a clear outcome and consolidate recommendation 66, 69 and 70. This would also remove the need for a visual inspection prior to a remote re-energisation being actioned at the premises.

**Recommendation 67:** Consider introducing a requirement for de-energisation prior to work near energised parts of an electrical installation, subject to necessary exemptions for energised work, such as testing for defects or faults in accordance with a risk assessment, safe work method and with appropriate Personal Protective Equipment.

AGL supports the intent of recommendation 67 for de-energisation prior to work on energised parts of an electrical installation, subject to necessary exemptions and further clarity on what constitutes “de-energised” in this case (e.g., isolation of circuit, isolation to board, network isolation).

AGL also suggests that certain facilities such as those relying on Uninterruptable Power Supply, Data Centres, hospitals, and other sensitive load sites are exempt, as well as large apartment buildings built prior to 2006 which do not have individual isolators at the site.



**Recommendation 69:** Consider introducing a phased-in requirement for an electrical safety certificate to be issued by a licensed electrical worker, initially at the point of sale of a property and later every 5 years, confirming the property’s electrical installation is safe and compliant with electrical safety standards and legislative requirements including, for example, safety switch requirements.

**Recommendation 70:** Consider a phased introduction of a requirement for a licensed electrical worker to perform an electrical safety inspection on all properties within five years of commencement of this requirement, and thereafter within five years of the last electrical safety inspection or receipt of an electrical safety certificate whichever is later.

While AGL supports these recommendations in principle and only if they were to occur at point of sale or change of ownership, we do not support the complementary recommendation to carry out an electrical safety inspection on all properties periodically (i.e., every 5 years). AGL has identified the following considerations which will need to be addressed prior to enacting these reforms:

- **Roles & Responsibilities:** The effective operation of these reforms will require a robust framework which clearly articulates the roles and responsibilities of each party. For example, if the complementary reforms are enacted, which party would then be responsible for engaging the electrical contractor every 5 years, which organisation is responsible for recordkeeping and maintaining the registry of defective notices, who is responsible for undertaking rectification work, etc. Given that customers change retailers, AGL recommends that the Electrical Safety Office is best placed to develop and administer the scheme, or alternatively, it may be incorporated as part of the Connection Agreement between the customer and their DNSP.
- **Template Requirements for registered electrical workers:** To ensure consistent safety outcomes, a uniform customer experience, and that all inspections are undertaken to the same standard, AGL recommends the introduction of a universal template which outlines itemised requirements and tests to be undertaken by registered electrical workers. As part of this template, the electrical worker should be required to provide their licence number, full name and company details to ensure clarity of responsibility.
- **Costs barriers:** Unless adequately addressed from the onset, AGL anticipates that consumers will have to bear a significant financial burden associated with these recommendations. For example, inspection/testing, certification and then fixing of any defective equipment could be charged as separate (and potentially recurring) costs to the consumer. In the case of rental properties, this will invariably create issues as to whether the landlord or tenants will need to absorb the initial and ongoing financial burden of compliance.
- **Cost barriers and independence:** There is no clarity on whether the party undertaking the inspection is entitled to offer to repair/replace any defective equipment (and may not be capable of doing so in any case). However, this leads to an issue of independence – How are consumers protected from inspectors defecting equipment in order to generate contractable work?



- **Scope:** Future reforms will need a clearly defined scope as to the equipment and installations captured and exempt from the inspection and certification requirements, particularly noting the potential to expand the definitions of these terms to include ELV equipment in the *Electrical Safety Act*. AGL notes its previous point regarding the outcome sought over these five-yearly inspections. For instance, if a piece of equipment (e.g., an inverter) is electrically safe, but does not meet current standards at the time of the inspection, will the consumer be required to replace it each inspection cycle?
- **Vulnerable Customers:** AGL is concerned that consumers experiencing vulnerable circumstances and financial distress will be disproportionately affected by the requirement to engage a registered electrical contract every five years, and undertake rectification works, if necessary, at their premises, and may be subjected to pressures to fund unnecessary works.

AGL believes that the above concerns and challenges could be alleviated if the requirement to carry out an inspection and procure certification for the electrical installation, is triggered at the point of change of ownership, including sale of property or change of tenancy. We consider that a five yearly cycle (or two yearly in the case of sites affected by asbestos) will become prohibitively burdensome on the occupant and may exacerbate the skilled electrical worker shortage to undertake these works at such a high frequency.

**Recommendation 72:** Consider the introduction of record keeping by the wholesaler or retailer at the point of sale of prescribed electrical equipment, being equipment that must be installed by a licensed electrical worker. Prescribed electrical equipment would include specified fixed wired electrical accessories, components and electrical appliances.

AGL has already developed robust systems and processes to maintain detailed records related to the electrical equipment that it sells to its customers. AGL agrees that this information is critical for investigation and recall purposes, however, the scope of equipment proposed to be captured may be too expansive and inadvertently capture relatively trivial equipment. The merits associated with maintaining records at such a granular level are unclear.

AGL suggests that if the Electrical Safety Office wishes to record an expanded list of 'prescribed electrical equipment', it should be the central recordkeeping and data collection body responsible for developing the mechanism and maintaining the framework (rather than wholesalers or retailers who may have a limited association with a customer). For example, the Electrical Safety Office could require this information to be included in the testing template referenced in AGL's response to recommendations 69 and 70 above, meaning that any time the relevant prescribed electrical equipment is installed by a registered electrical worker it is recorded within the template and sent to the ESO.



## Other Matters - Remote Re-energisations & De-energisations

As part of the costs benefit analysis<sup>2</sup> for an accelerated smart meter deployment program which was undertaken during the Australian Energy Market Commission's review of the regulatory framework for metering services, primary smart meter non-contingent benefits of over \$99 million were calculated for Queensland. Although the report notes there is a risk that remote reconnections will not be allowed in Queensland, primary non-contingent benefits generally include the direct costs savings associated with removing the labour requirements and processes for manual re-energisations and de-energisations of electricity supply. In addition to the quantifiable financial benefits, remote services, particularly re-energisations, also carry an intrinsic value to industry and consumers such as a timely and convenient experience for new occupants, and reduction of delays associated with having a technician physically attend the site. AGL has been a longstanding advocate for the enablement of remote services which we offer our smart meter-enabled customers in Victoria and NSW, and which will be introduced in SA shortly, leaving Queensland the only jurisdiction where these remote services cannot be undertaken.

With the uptake of smart meters across the National Energy Market and WA, there are now robust industry processes and safeguards in place for retailers and metering coordinators to arrange for remote re-energisations and de-energisations, supported by safety management procedures as well as the protections installed within the meter. For example, smart meters are designed to detect loads when attempting a remote reconnection and operate largely in the same manner as a safety switch. With respect to the Queensland electrical safety framework, we consider that the recommendations put forward in the Final Report and in this submission to bring the switchboard in line with current safety standards will mitigate previous safety concerns to enable re-energisations at a site without requiring a visual inspection.

Industry is eager to work with the Queensland Government to develop an appropriate framework for smart meter services to be fully utilised, and for the Electrical Safety Act and Regulations to be modernised in light of the new roles and responsibilities that will enable Queensland to realise the full value of remote re-energisation and de-energisation services.

If you would like to discuss any aspect of AGL's submission, please contact Valeriya Kalpakidis at [vkalpakidis@agl.com.au](mailto:vkalpakidis@agl.com.au) or Emily Gadaleta at [egadaleta@agl.com.au](mailto:egadaleta@agl.com.au).

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Patrick Whish-Wilson', with a circular flourish at the beginning.

Patrick Whish-Wilson

Senior Manager Regulatory Strategy

**AGL Energy**

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<sup>2</sup> Oakley Greenwood, [Costs and Benefits of Accelerating the Rollout of Smart Meters](#) - AEMC Review of the Regulatory Framework for Metering Services, September 2022.