



Speech by

Andrew Cripps

MEMBER FOR HINCHINBROOK

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ELECTRICITY AND OTHER LEGISLATION AMENDMENT BILL; ENERGY OMBUDSMAN BILL

Mr CRIPPS (Hinchinbrook—NPA) (5.39 pm): I rise to contribute to the debate on the Energy Ombudsman Bill 2006 and the Electricity and Other Legislation Amendment Bill 2006 together, as they are being debated as cognate bills. The explanatory notes accompanying the Energy Ombudsman Bill 2006 list the main objectives of this bill as providing for the Energy Ombudsman office to give small electricity and gas consumers a timely, effective, independent and just way of having their disputes with energy sector entities investigated and resolved; establishing dispute resolution processes and the functions and powers, including determination powers, of the Energy Ombudsman to make binding orders against energy sector entities; establishing an advisory council to provide advice to the Energy Ombudsman on policy and procedural issues and to the Minister for Mines and Energy on issues relating to the funding of the Energy Ombudsman office; and providing for the fees to be paid by scheme members to fund the operations of the Energy Ombudsman's office.

As far as the Electricity and Other Legislation Amendment Bill is concerned, the explanatory notes list the main objectives of this bill as providing retailer choice for residential and small business electricity and gas consumers in Queensland; providing customer safeguards including new electricity and gas industry codes, retention of uniform tariffs in electricity and a right of reversion to the uniform tariff for all residential and small business customers; allowing the deregulation of gas retail prices, subject to a reserve power for the Minister for Mines and Energy; and providing improved price signals in the electricity market over time through a new methodology for annual adjustments to uniform tariffs. As such, these two bills change quite a bit of the legislation as far as the delivery of electricity to the people of Queensland is concerned.

The first two points with respect to the Energy Ombudsman Bill 2006, dealing with the establishment of the Energy Ombudsman office to give the community an avenue through which disputes with the energy sector can be objectively resolved and the establishment of dispute resolution processes and the functions and powers of the Energy Ombudsman with respect to energy sector entities, is the part of the bill I would like to focus on today. Specifically, clause 7 of the bill defines an energy entity within the energy sector as—

- (a) a distributor; or
- (b) a retailer; or
- (c) a special approval holder whose special approval authorises the holder to provide customer connection services or customer retail services under the *Electricity Act 1994*.

Given that the conduct of electricity distributors are within the scope of the bill, I would like to speak about the conduct of Powerlink in relation to the proposed Tully to Innisfail transmission line, which it appears will go through almost 200 properties between these two localities, much to the distress and opposition of the local community, the Cardwell Shire Council and the Power to the People Action Group. This is an issue that started a long time ago—about six years ago—and if there is a perceived need for a

dedicated Energy Ombudsman with scope to inquire into the activities of energy distributors, as it does in clause 7 of this bill, this type of matter would certainly warrant closer scrutiny.

In 1999 Powerlink proposed to replace the existing Kareeya to Innisfail transmission line, which has a capacity of 132 kVA and runs along an inland alignment through an unpopulated area, with an upgraded 275 kVA transmission line. There is no debate about the need for the upgrade of power supply capacity to north and far-north Queensland, as there is significant growth in both domestic and commercial demand for electricity in this area of the state. However, instead of simply going forward and upgrading the transmission line on its existing alignment, which has been there since the 1950s, Powerlink developed a proposal to bring the transmission line down on to the populated coastal area. I suspect that there was never any possibility that the decision-making process associated with this proposal would result in the most appropriate option being pursued. From the very start, the process associated with this decision was predetermined in the face of overwhelming opposition from the local community.

The proposed coastal route has always clearly been the preferred option of Powerlink, and it has had its riding instructions from the start. The earliest proposed route for the coastal alignment included crossings that traversed the Basilisk Range. In March and April 2000 Powerlink was found to have illegally cleared vegetation and constructed an access road on the Basilisk Range without obtaining the required permits. This clearly anticipated that the coastal route would be approved, which incidentally did not occur until the route was designated by the current Minister for Mines and Energy in September this year—six years after Powerlink first moved to establish its preferred, predetermined coastal route.

While the government has introduced and applied punitive legislation on the landowners of Queensland with regard to tree clearing, including severe financial penalties, with reference to this illegal action by Powerlink, no action was taken against Powerlink following the illegal clearing on the Basilisk Range. I think that might be a suitable issue for the Energy Ombudsman to scrutinise more closely.

We can establish that the coastal route was predetermined from several sources. On 16 August 2006 the Commonwealth Minister for the Environment and Heritage wrote to my predecessor in this place in a reply to a letter he had written raising a variety of concerns about the proposed Tully to Innisfail transmission line. An extract from the Commonwealth minister's letter advises—

Prior to making my decision to approve this project, I sought information from the Queensland Government on the preferred route. The Queensland Minister for Energy, the Hon. John Mickel MP, informed me that the Queensland Government wanted to build the transmission line on the coastal route. The Australian Government had no role in selecting the route for the transmission line. On March 25 I approved the project, subject to conditions, after considering my Department's assessment of the proposal and the Queensland Government's unequivocal advice that it wanted the coastal route.

At least to his credit the current Minister for Mines and Energy admitted, in a letter to me dated 8 November this year, that Powerlink has been working since 1999 to acquire a route for a new transmission line to replace the Kareeya to Innisfail line.

Mr Lawlor: What part of the bill does this refer to?

Mr CRIPPS: Clause 7 of this bill defines an energy entity. Paragraph (a) says that the conduct of energy distributors will be subject to the Energy Ombudsman. So I am talking about the Energy Ombudsman office and I am trying to explain to the House how the conduct of energy distributors might be subject to investigation by the Ombudsman.

This is a clear indication that the coastal route was a signed, sealed and delivered proposition from the very start. That assessment is consistent with the pre-emptive clearing of the Basilisk Range and it is consistent with all of the negotiations to compulsorily acquire the land for the easement taking place prior to the approval and designation of the route in September this year. This is certainly something which would be of interest to the Energy Ombudsman with respect to its interest in the activities of energy distributors provided for by clause 7 in the Energy Ombudsman Bill.

In 2001 Powerlink mounted a campaign to justify its preference for the coastal route by insisting that it was required to choose the cheapest route available under the prevailing regulatory framework. This claim was always questionable, as the upgrading of the transmission line from a 132 kVA to a 275 kVA line is just that—an upgrade and not a new line—which would then be subject to the regulatory requirement to choose the least-cost option. However, this fact was conveniently pushed to one side.

Establishing the costs of the two alternative alignments has also been a creative exercise as far as Powerlink is concerned. I have placed a series of questions on notice to the Minister for Mines and Energy this week with regard to the proposed Tully to Innisfail transmission line and the estimated total cost of the activities associated with the surveying and acquisition of the easement required for the construction of the coastal route option. This should include the seven years worth of 'consultation' conducted by Powerlink and the estimated total cost of the decommissioning and removal of the current Kareeya to Innisfail transmission line, including the costs of maintaining the access road to this transmission line to undertake this work.

Are these costs included in the published total estimated costs of the proposed coastal route? And, if not, why not? Do they constitute part of the costs associated with choosing the coastal route? Would the

inclusion of these extra costs mean that the coastal route would then be more expensive than simply upgrading the transmission line on its current inland alignment? The Energy Ombudsman would be very busy if he or she had the opportunity to make inquiries with respect to these issues.

On 20 March this year Cyclone Larry crossed the coast of far-north Queensland just south of Innisfail. Like all other forms of the natural and built environment in the cyclone-affected area, the electricity transmission and distribution network was extensively damaged. There were many difficulties faced by energy entities restoring supply over the next days and weeks. Damage occurred on the high-voltage transmission lines in the area as well as the low-voltage distribution lines. The efforts of staff from Powerlink, Ergon Energy and Energex were outstanding. They worked tirelessly to restore power to the homes and businesses across the cyclone-affected area, and I thank them sincerely. Although not the minister at the time, the minister should be very proud of the efforts of those staff from Ergon Energy and Energex. They really were the heroes of the recovery process.

The transmission towers failed on the Kareeya to Innisfail transmission line. Powerlink used this as an opportunity to say that that was proof that the transmission line needed to be brought down from the inland route onto the coast. That is a ridiculous suggestion. The Bureau of Meteorology issued advice that, as Cyclone Larry crossed the coast, wind speeds reached 290 kilometres per hour, whereas by the time it had moved west into the vicinity of the alignment of the current transmission line between Kareeya and Innisfail the winds had abated to about 200 kilometres an hour. The transmission towers to be erected on the proposed coastal route between Tully and Innisfail will be rated to withstand winds of up to 220 kilometres per hour. Therefore, the new line will be of little use to us if another cyclone of the same category as Larry—God forbid—approaches that area.

It seems extraordinary that Powerlink could possibly maintain that the electricity supply to far-north Queensland will be made more secure by constructing this transmission line on the proposed coastal route. I do not know how the minister justifies that claim. That has never been adequately addressed by Powerlink or the minister in correspondence that I have exchanged with him.

Earlier I mentioned that the transmission towers did fail on the existing inland route, but why did this happen if the winds had abated by the time the cyclone had moved inland? A letter dated 31 January 2005 from the former minister for energy to the mayor of the Johnstone shire tells us why. It states—

Powerlink has advised that structural steel work on the existing Kareeya to Innisfail transmission line is corroding, due to its age and exposure to the harsh elements, causing a reduction in strength of the towers and increasing the risk of failure. Strength reduction in individual members will reach a point where the existing towers are no longer able to be climbed safely for maintenance purposes.

Therefore, we can see that the transmission towers were not structurally sound prior to the cyclone and that is why they failed.

The Energy Ombudsman would surely be interested to know why the transmission line was not being properly maintained. Why was the supply of power to north Queensland being compromised? Had Powerlink pulled up stumps as far as keeping the Kareeya to Innisfail transmission line properly maintained in anticipation that the proposal to move the line down onto the coast was a done deal? I am deeply suspicious about that.

The current Kareeya to Innisfail transmission line is located in a World Heritage declared area. In the late 1980s, when there was a debate over the declaration of Wet Tropics World Heritage areas taking place, at no time did the existence of the powerline on the alignment compromise the inclusion of that area into the Wet Tropics World Heritage area, despite rigorous assessments to determine if the environmental values of that area had been degraded as a result of its construction 35 years earlier. The criteria allowed that area to be declared. The transmission line was no impediment to that declaration.

One of the most concerning issues that has frustrated landowners in the area is the conduct of Powerlink during the consultation process. A recent example was the response to an objection by a landowner about the proposed coastal route. The response stated that a study of the options for the transmission line selected the coastal route over the inland route for the following reasons: it traverses past fewer buildings and built-up areas; it traverses fewer properties; and it has less visual impact from major highways, built-up areas and recreational areas. We can understand why the landowner was so frustrated.

While the proposed coastal route will be constructed on the coast between Tully and Innisfail, the inland route is located behind the Great Dividing Range, away from the settled coastal area. While the proposed coastal route will go through 200 properties between Tully and Innisfail, the current inland route goes through crown land. While the Bruce Highway makes its way between Tully and Innisfail on the coast, the inland route is located well away from the major highways for the majority of its alignment. I do not know who did that study, but evidently they have no idea about the circumstances in which this proposed powerline will be built. The office of the Energy Ombudsman would certainly have its hands full with respect to this proposed transmission line. I have appealed to the minister to introduce some fairness into this debate and I suppose that the ball is now in his court.