



Minister for Main Roads, Road Safety and Ports
Minister for Energy, Biofuels and Water Supply

15 JUL 2016

Mr Neil Laurie
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Dear Mr Laurie

I refer to your letter of 20 June 2016 enclosing a copy of Petition No. 2570-16 lodged in the Queensland Legislative Assembly.

The Petition draws to the attention of the House concerns of the Master Electricians Association (**MEA**) in relation to the merger of Energex and Ergon, creation of Energy Queensland and the activities of the new Energy Services business.

The Palaszczuk Government was elected on a mandate to keep public assets in State hands, and to operate them commercially and profitably. Part of that mandate was to merge these business, and through that generate savings.

I would like to clarify the context and role of the proposed Energy Services business that will form part of the new Energy Queensland established on 1 July 2016, consistent with confirmation provided during debate on the Energy *Electricity and Other Legislation Amendment Bill 2016* in parliament last month.

Energex, Ergon Energy and their predecessors have been providing safe, reliable and sustainable energy supply to Queenslanders for more than 100 years. These businesses are at the core of communities all over Queensland, serving them during natural disasters and providing over 7400 jobs to Queenslanders.

The electricity market is in a period of sustained change, with significant growth in the deployment of solar across Queensland rooftops and the prospect of strong growth in battery storage and other technologies that will afford customers greater control over their energy usage and their energy costs. This change provides a great opportunity to providers across the energy supply chain but it also creates a challenge for electricity grid owners to adapt to the new energy market.

For Energy Queensland to continue to support consumers, employees, suppliers and communities across Queensland, it must promote a positive role for the electricity grid in this new market, and to ensure it is integral to how Queenslanders choose to use, generate and sell electricity in our changing energy market.

A key objective of the proposed Energy Services business will be to facilitate opportunities for customers to access new grid-connected products that allow them to control their energy usage, lower their energy costs and create greater value from their investments in solar, batteries and other emerging technologies. It is anticipated that this will result in more job opportunities for electrical contractors and Master Electricians Australia members across Queensland as energy services grow in the future.

The Energy Services business will help meet these objectives by focussing on developing products and services that closely align with the core strengths of Energy Queensland. These will include complex engineering solutions; utility-scale offerings; highly-regulated activities; and platform services that allow for better integration of new technologies into the network.

It is not the intention that the Energy Services business will duplicate the installation of offerings that are already available in markets well serviced by independent electrical contractors. I can specifically confirm that the Energy Services business will not install solar panels for residential customers.

It is in the best interests of Energy Queensland and all Queensland electricity customers, that there is a healthy market of competitive energy service providers who are offering a range of grid-connected services to customers in all parts of the state.

The challenge of maintaining the electricity grid at the core of how Queenslanders choose to use electricity can only be met where there are a wide range of businesses offering innovative grid-connected solutions to customers across the state.

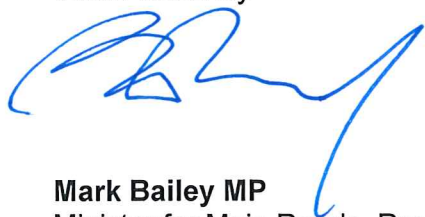
It is anticipated that retailers will be partnering with many providers to deliver the best outcomes for customers.

The Government can also guarantee that the new Energy Services business will compete on a level playing field with other providers, as it will be fully ring-fenced from the regulated network business and functionally separate from the parent company's retail subsidiary.

We are committed to consulting with stakeholders, including the MEA about the establishment of the new energy services business.

This consultation has been ongoing and will continue as we work towards finalising a clear charter for Energy Queensland, which will incorporate results of stakeholder engagement.

Yours sincerely



Mark Bailey MP
Minister for Main Roads, Road Safety and Ports and
Minister for Energy, Biofuels and Water Supply