



Name: Energy Skills Queensland

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1. Support business investment through corporate tax reform

1. What features of the Australian business environment have encouraged or restrained investment over the past 10 years?

The participant did not respond to this question.

2. What elements of the corporate tax system encourage and/or discourage investment and risk-taking?

The participant did not respond to this question.

3. Which parts of the corporate tax system do you find the hardest, or most time or cost-intensive to comply with? How could the compliance burden of the business/company tax system be reduced?

The participant did not respond to this question.

2. Reduce the impact of regulation on business dynamism

1. What areas of regulation do you see as enhancing business dynamism and resilience? What are the reasons for your answer?

Regulation plays a crucial role in shaping business dynamism and resilience in the energy sector. While excessive or poorly targeted regulation can stifle innovation and increase costs, well-designed regulation can actively enhance competition, investment, and adaptability—key features of a dynamic and resilient economy.

Areas of Regulation That Enhance Business Dynamism and Resilience in the Energy Sector

1. Harmonised, Risk-Based Technical Standards - Why it matters: Nationally consistent, risk-based technical standards (for grid connection, distributed energy resources, and renewables integration) reduce duplication and compliance costs, making it easier for businesses to scale, innovate, and enter new markets. Example: The Australian Energy Market Operator's (AEMO) move to streamline grid connection processes for renewables—by introducing a digital portal and standardised technical guidelines—has reduced approval times, improved transparency, and attracted more investment in clean energy projects.

2. Dynamic and Adaptive Regulation - Why it matters: Dynamic regulation—such as regulatory sandboxes, pilot programs, and regular review of rules—allows businesses to test new technologies (like smart meters, hydrogen, or IoT solutions) in a controlled environment, accelerating innovation while managing risk. Example: The UK and several EU countries have implemented regulatory sandboxes for energy innovation, enabling companies to experiment with new business models or digital solutions under adapted regulatory conditions before wider rollout.

3. Market-Oriented Regulation and Open Access - Why it matters: Regulations that ensure open access to energy markets and networks (such as the National Electricity Market reforms) foster competition, lower prices, and improve service quality. - Example: The introduction of the National Electricity Market (NEM) in the late 1990s replaced

fragmented state-based rules with a cohesive national framework, enabling interstate electricity transfer and lowering barriers for new entrants.

4. Transparent, Consultative Policy Processes - Why it matters: Consultative, evidence-based policymaking—where industry, consumers, and regulators collaborate—results in regulations that are more practical, better targeted, and more likely to support resilience and innovation. Example:

The Australian Energy Regulator's (AER) revenue determination process, while detailed, increases transparency and consumer input, supporting trust and long-term investment.

5. Regulation Supporting Digitalisation and Data Access - Why it matters: Policies that encourage digitalisation (e.g., smart metering, real-time data access, Consumer Data Right for energy) empower both consumers and businesses, enabling new products, better demand management, and more efficient markets. Example: The Consumer Data Right (CDR) in energy gives consumers access to their usage data, supporting competition and innovation in retail energy services.

Key Reasons These Regulations Enhance Dynamism and Resilience

Reduce Barriers to Entry and Growth: Harmonised and streamlined rules lower compliance costs, enabling new and smaller businesses to compete and innovate.

Encourage Investment: Clear, stable, and predictable regulatory frameworks give investors confidence to fund new technologies and infrastructure.

Support Flexibility and Adaptation: Dynamic regulation and regular review allow the sector to respond quickly to technological, market, and climate changes.

Protect Consumers and the System: Well-designed regulation ensures reliability, affordability, and security, even as the system transitions to new energy sources.

Regulations that are harmonised, risk-based, dynamic, market-oriented, and supportive of digitalisation are critical enablers of business dynamism and resilience in the energy sector. They reduce unnecessary barriers, foster innovation, and ensure the sector can adapt to rapid technological and market change—directly supporting Australia's productivity and energy goals.

2. How has your regulatory burden changed over time?

Over time, the regulatory burden in the energy sector has increased in both volume and complexity, reflecting the sector's rapid evolution and Australia's ambitious energy transition goals. While some reforms have aimed to streamline processes and reduce duplication, the overall trend has been toward more frequent, detailed, and layered regulation, often resulting in greater compliance demands for businesses.

How Has Regulatory Burden Changed Over Time?

1. Increase in Regulatory Volume and Overlap

- The energy sector is now subject to a growing number of overlapping regulations at federal, state, and local levels, particularly as the sector diversifies into renewables, storage, hydrogen, and digital technologies.
- Regulatory reforms are being implemented at a rapid pace, with new rules and compliance obligations introduced almost annually, especially in retail, network, and market operations.

2. More Frequent and Detailed Rule Changes

- The Australian Energy Market Commission (AEMC) and other regulators have accelerated the pace of rule changes, with standard, expedited, and fast-tracked processes often running simultaneously.
- Businesses must keep up with a rolling calendar of consultations, submissions, and

compliance updates, which increases administrative workload and requires ongoing investment in regulatory expertise.

3. Higher Compliance and Reporting Demands

- There is a trend toward more granular and frequent reporting requirements, especially for emissions, reliability, cybersecurity, and consumer protections.
- For example, operators of distributed energy resources and large-scale renewables must now submit more detailed operational and compliance data to multiple agencies, compared to less frequent reporting in the past.

4. Persistent Fragmentation and Delays

- Despite some moves to align processes (such as the Victorian government's effort to synchronise regulatory periods with the National Electricity Market), businesses operating across multiple jurisdictions still face duplicated licensing, planning, and compliance requirements.
- Planning approvals for new projects often require separate permits from various authorities, with timelines and requirements that are not always coordinated, leading to delays and uncertainty.

5. Some Positive Streamlining—But Patchy

- There have been improvements, such as digital portals for grid connection applications and some harmonisation of network pricing periods.
- However, these gains are often offset by the introduction of new or more complex obligations elsewhere, and the overall regulatory workload remains high.

Summary

- The regulatory burden in the energy sector has increased over time, with more rules, more frequent changes, and greater complexity, especially as the sector adapts to new technologies and policy priorities.
- While there have been targeted efforts to streamline and harmonise, the pace and volume of new regulation often outstrip these gains, leading to a sense of “regulatory overload” for many businesses.
- This trend underscores the importance of ongoing regulatory reform that is risk-based, nationally consistent, and responsive to the realities of a rapidly changing energy market.

Examples of Changing Regulatory Burden in the Energy Sector

1. Revenue Determinations and Network Regulation

- Example: The Australian Energy Regulator's (AER) revenue determination process for network businesses like Energex has become more extensive and consultative over time. Network providers must submit detailed, multi-year revenue proposals, respond to draft decisions, participate in public forums, and address stakeholder submissions before a final decision is made.
- Impact: While this process increases transparency and consumer input, it also extends timelines, increases administrative workload, and creates uncertainty for investment and planning.

2. Cybersecurity and Critical Infrastructure Compliance

- Example: The introduction of the Security of Critical Infrastructure (SOCI) Bill and the Australian Energy Sector Cyber Security Framework (AESCSF) has imposed new,

stringent cybersecurity obligations on energy businesses.

- **Impact:** Energy companies must now conduct regular cyber risk assessments, report incidents, and implement complex security controls. While crucial for national security, these requirements have added significant compliance costs and require ongoing technical upgrades and staff training.

3. Distributed Energy Resources (DER) Standards

- **Example:** With over two million households now having rooftop solar, regulators have introduced new technical standards for distributed energy resources (DER), including requirements for smart inverters, data communication, and grid integration

- **Impact:** These evolving standards require continual updates to products, installation practices, and compliance documentation, increasing the burden on installers, manufacturers, and network operators.

4. Planning and Environmental Approvals for Renewables

- **Example:** Large-scale renewable projects (wind, solar, battery) must navigate multiple layers of planning, environmental, and heritage approvals at local, state, and federal levels. Each layer may require separate studies, consultation, and reporting.

- **Impact:** This fragmentation can add months or years to project timelines, increase costs, and discourage smaller developers from entering the market.

5. Energy Savings Scheme (ESS) Regulatory Changes

- **Example:** Proposed changes to the NSW Energy Savings Scheme (ESS) in 2025 include new rules for project eligibility, measurement, and verification, as well as updated compliance reporting requirements

- **Impact:** Businesses participating in the scheme must adapt to new documentation standards and audit processes, requiring additional resources and expertise.

6. Renewable Energy Target (RET) Compliance

- **Example:** Entities liable under the Renewable Energy Target must accurately calculate and surrender large-scale generation certificates (LGCs) based on annually updated renewable power percentages

- **Impact:** The calculation and reporting process has become more complex as the market grows, with stricter penalties for non-compliance and more frequent audits.

7. Market Monitoring, Reporting, and Enforcement

- **Example:** The AER's expanded focus on market monitoring, reporting, and enforcement means businesses must now provide more frequent and detailed operational, pricing, and compliance data.

- **Impact:** This increases administrative workload and requires investment in data management systems and compliance staff.

Summary

- The regulatory burden in the energy sector has increased due to more detailed, frequent, and multi-layered requirements across technical, cybersecurity, environmental, and market domains.

- While many changes are justified by the need for transparency, consumer protection, and security, the cumulative effect is greater complexity and cost for businesses—sometimes constraining innovation, investment, and speed to market.

3. What regulations do you find time-consuming, overly complex or otherwise constraining business dynamism and resilience? What are the reasons for your answer?

1. State-Based Occupational Licensing and Mutual Recognition

Why It's Constraining:

Duplication and Inconsistency: Electrical contractors, gasfitters, and other energy professionals must often obtain separate licenses for each state or territory, even when the work and safety standards are identical.

Administrative Burden: Businesses face repeated paperwork, multiple fees, and the need to keep track of varying continuing professional development (CPD) requirements.

Impact:

- Delays in project mobilisation, especially for large-scale or cross-border projects (e.g., transmission lines, national renewable energy zones).
- Increased costs for both businesses and consumers.
- Reduced labour mobility, exacerbating skills shortages.

Example: A solar farm developer operating in NSW and Victoria must ensure electricians hold both states' licenses, duplicating training and compliance costs and slowing project delivery.

2. Complex and Fragmented Planning Approvals for Renewable Projects

Why It's Constraining: Multiple Layers of Approval: Projects often require separate permits from local, state, and federal authorities, each with their own timelines and requirements.

Uncertain and Protracted Timeframes: The lack of clear, coordinated pathways can result in months (or even years) of delays, increasing project risk and deterring investment.

Impact:

- Slower rollout of renewable energy infrastructure.
- Increased costs due to holding land and capital during delays.
- Difficulty meeting net zero and energy security targets.

Example: A wind farm proponent may need to navigate environmental, heritage, and grid connection approvals from three levels of government, often with overlapping or conflicting requirements.

3. Overly Prescriptive Technical Standards for Low-Risk Work

Why It's Constraining: One-Size-Fits-All Regulation: The same strict licensing and compliance rules that apply to high-voltage grid work are often imposed on low-voltage, digital, or modular installations (e.g., smart meters, home automation, IoT devices).

Barrier to Innovation: ICT and IoT professionals with relevant digital skills are often excluded from energy sector work due to legacy licensing laws, even when the risk is minimal.

Impact: Limits entry of new talent and slows adoption of smart technology.

Raises costs for simple installations, reducing consumer uptake of energy-saving devices.

Example: A software developer cannot legally install a plug-and-play energy monitor in a commercial building without an electrical license, even though the installation risk is negligible.

4. Inconsistent Hydrogen and New Fuels Regulation

Why It's Constraining: Evolving and Fragmented Rules: As hydrogen and biogas

projects scale up, rules for safety, training, and handling vary by state and are often unclear or lag behind industry needs.

Impact:

- Delays in project commissioning and workforce upskilling.
- Increased compliance costs for businesses seeking to innovate in clean fuels.

Example: A hydrogen technician trained and licensed in one state may need to complete additional modules to work on a similar project in another state, delaying deployment and increasing costs.

Underlying Reasons

Lack of National Harmonisation: Australia's federal structure means many regulations are state-based, leading to duplication and inconsistency.

Legacy Regulation: Rules designed for traditional energy systems have not kept pace with digitalisation, decentralisation, and the rise of new technologies.

Insufficient Risk-Based Differentiation: Regulations often do not distinguish between high- and low-risk activities, resulting in excessive compliance for some and gaps for others.

Slow Regulatory Reform: Regulatory processes often lag behind technological and market change, constraining innovation and investment.

Recommendations

To foster business dynamism and resilience in the energy sector, Australia should:

- Harmonise licensing and technical standards nationally to reduce duplication and improve workforce mobility.
- Streamline and coordinate planning approvals for renewable and clean energy projects across all levels of government.
- Adopt risk-based regulation that distinguishes between high- and low-risk activities, particularly for digital and IoT-related work.
- Accelerate regulatory reform for emerging fuels to support rapid innovation and scale-up.

These reforms would reduce unnecessary regulatory burden, improve competition, and support Australia's transition to a cleaner, more resilient energy system—directly aligning with the objectives of the national productivity agenda.

4. Can you share any specific examples of where you think a regulator has done a good or bad job of understanding and reducing regulatory burden on businesses and why?

Good Example: AEMO's Streamlining of Grid Connection for Renewables

Background: The Australian Energy Market Operator (AEMO) has, in recent years, taken proactive steps to streamline the grid connection process for renewable energy projects. Recognising that complex, duplicative, and slow approval processes were a major barrier to investment and innovation, AEMO worked with state and federal governments to develop clearer, nationally consistent guidelines and digital lodgement systems.

Why This Worked Well:

- Reduced Time and Uncertainty: By standardising technical requirements and providing a single digital portal for applications, AEMO reduced the average time for grid connection approvals by several months.
- Improved Transparency: Project developers can now track application progress and receive clearer, more timely feedback, reducing costly delays and rework.
- Boosted Investment: These changes have made Australia more attractive for renewable energy investment, supporting the net zero transformation and creating a

more dynamic, resilient energy market.

Alignment with Pillar 1: This approach directly supports a dynamic and resilient economy by lowering barriers to entry, fostering competition, and enabling faster adaptation to technological change.

Bad Example: State-Based Electrical Licensing for National Projects

Background: Despite ongoing efforts to harmonise occupational licensing, electrical contractors and technicians working on large-scale, cross-border energy projects (such as interstate transmission lines or national renewable energy zones) still face a patchwork of state-specific licensing, training, and compliance requirements.

Why This Is a Burden:

- **Duplication and Cost:** Businesses must pay for multiple licenses, repeat similar training, and navigate different regulatory bodies for what is essentially the same work.
- **Workforce Shortages:** These barriers slow down recruitment and deployment of skilled workers, exacerbating skills shortages and delaying critical infrastructure.
- **Reduced Mobility and Innovation:** The lack of mutual recognition stifles competition and discourages smaller firms from bidding on national projects.

Example: A solar farm developer building projects in both NSW and Victoria must ensure their electricians hold both states' licenses, even if the work and standards are identical. This adds direct costs, administrative burden, and can delay project delivery.

Alignment with Pillar 1: This situation undermines economic dynamism and resilience by increasing compliance costs, reducing labour mobility, and slowing the transition to cleaner energy—contrary to the objectives outlined in the Productivity Pitch Summary.

Key Lessons and Recommendations

- **Where Regulators Succeed:** Regulators that engage with industry, adopt digital tools, and harmonise processes across jurisdictions can dramatically reduce regulatory burden, foster innovation, and enable faster adaptation to economic and technological change.
- **Where Regulators Fall Short:** Failure to coordinate across state lines, update legacy regulations, or provide clear, risk-based pathways for new technologies leads to unnecessary costs, delays, and lost opportunities for business and the broader economy.

Recommendation:

To support a dynamic and resilient energy sector, regulators should:

- Prioritise national harmonisation of licensing and compliance for energy professions.
- Invest in digital, transparent approval systems.
- Regularly review and update regulations in consultation with industry to keep pace with technological and market change.