

26 June 2023

Department for Energy and Mining
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RE: Consultation on the *Hydrogen and Renewable Energy Act Draft Bill 2023*

The South Australian Council of Social Service (SACOSS) is the peak non-government representative body for health and community services in South Australia, and has a vision of *Justice, Opportunity and Shared Wealth for all South Australians*. SACOSS' purpose is to influence public policy in a way that promotes fair and just access to the goods and services required to live a decent life. We undertake policy and advocacy work in areas that specifically affect disadvantaged and low-income consumers in South Australia, and have a long-standing interest in the delivery of essential services. We thank the Department for Energy and Mining (the Department) for the opportunity to comment on the *Hydrogen and Renewable Energy Bill 2023* (the HRE Bill).

The proposed objects of the *Hydrogen and Renewable Energy Act*, as contained in Clause 3 of the HRE Bill, are to:

- *facilitate and regulate exploration for, and exploitation of, renewable energy resources;*
- *establish an effective, efficient and flexible regulatory framework for the constructing, operating, maintaining and decommissioning of renewable energy infrastructure and facilities for generating hydrogen for commercial purposes;*
- *encourage and maintain an appropriate level of competition for access to designated land to enable exploration for, and exploiting of, renewable energy resources;*
- *enable engagement with Aboriginal people to ensure the regulatory framework in this Act maximises beneficial economic, environmental and social impacts and minimises adverse cultural and heritage impacts on Aboriginal people;*
- *facilitate economic prosperity and benefits for the State through the development of an industry for generating hydrogen and renewable energy;*
- *facilitate net environmental benefits from authorised operations;*
- *facilitate public safety in managing risks inherent in generating hydrogen;*
- *enable appropriate consultation before the declaration of release areas and the granting of licences under this Act;*
- *support the achievement of the following for the State:*
 - *competitively priced and reliable renewable energy supply;*
 - *economic development of a hydrogen energy industry;*
 - *economic development of a net zero carbon emission industry.*

Overall, SACOSS is concerned to ensure the Department accords sufficient weight to protecting and securing the long-term interests of South Australian people, and as a priority the interests of First Nations people, in the development of the Act and supporting Regulations. SACOSS acknowledges the Act is primarily being established to ensure industry benefits from more coordinated regulatory processes, but we consider it is vital to ensure the Act results in consumer benefit, maintains transparency around industry's interactions with government regulators, and guarantees government accountability.

For this reason, our submission will not be examining the proposed Bill and providing feedback according to each section, but instead we would submit that there are some general principles that should be included and accounted for under the proposed legislation.

Ensuring Consumer and Community Benefit

SACOSS is overwhelmingly concerned with the devastating impacts of increasing energy costs on low-income households and people experiencing disadvantage or in vulnerable circumstances in South Australia. Despite the world-leading amount of rooftop solar per capita in this state, and the record number of negative wholesale spot prices,¹ South Australians still pay the highest price per unit for electricity in the National Electricity Market (NEM).²

The Australian Energy Regulator's (AER's) recent Default Market Offer determination for 2023-24 applied a 68% increase in the wholesale cost component of the DMO for SA households.³ This was the largest wholesale cost increase in all DMO regions. The SA Productivity Commission has also highlighted the difference between the low wholesale spot prices paid by retailers in South Australia, and the wholesale prices passed on to South Australian consumers.⁴ Clearly, South Australian households are not seeing the benefit of increased renewable generation and reduced wholesale spot prices flowing through to their bills. This has significant implications for low-income South Australians, renters and people who can't afford technology to reduce their energy costs. SACOSS is concerned the additional energy price increases coming into effect on 1 July 2023 will push the cost of electricity outside the realms of affordability for many households in this state.

Given this current cost of living and energy affordability crisis, SACOSS is urging governments and market bodies to do all that they can to prioritise affordability and efficiency considerations in decision-making processes in order to ensure the long-term interests of consumers are achieved.

The proposed Objects of the *Hydrogen and Renewable Energy Act*, as contained in Clause 3 of the HRE Bill, include 'supporting the achievement' of 'competitively priced and reliable

¹ Quarter 1 2023 saw over 2,600 instances of 30-minute prices below \$0/MWh which is nearly double the same quarter last year. Most of these occurred in South Australia and Victoria. See AER [Wholesale market statistics](#).

² AER, [Annual Retail Markets Report 2021-22](#), p.36

³ AER, [Default Market Offer Prices 2023-24: Final Determination](#), p. 27

⁴ South Australian Productivity Commission, [Inquiry into South Australia's renewable energy competitiveness: Final Report](#), 10 August 2022 (published 9 November 2022), p. 46

renewable energy supply' for the State. Electricity is essential to life and it is vital that all consumers, particularly people on low-incomes or experiencing disadvantage see the benefit of increased renewable generation, and are able to access a fair and efficient price for this essential service. SACOSS considers there should be explicit reference within the Objects of the HRE Act to benefits accruing to South Australian energy consumers. This would align with the National Electricity Objective to achieve the long-term interests of consumers with respect to price, quality, safety and reliability and security of supply of electricity,⁵ as well as the Department's key output to provide a 'secure, reliable and low-cost energy system for all South Australians.'⁶

Transparency and Accountability

The HRE Bill aims to establish a 'one window to government' legislative framework to streamline project and land use approvals for hydrogen generation and renewable energy infrastructure in South Australia.⁷ Whilst SACOSS acknowledges the HRE Bill is aimed at encouraging and expanding the renewable energy industry in South Australia, we remain concerned about possible reduced transparency and accountability in a more 'streamlined' regulatory process. SACOSS supports and encourages a rapid transition towards net zero emissions and 100% renewable energy in South Australia, however we think it is important to ensure that this is a fair transition that provides broader benefit to our State and its people. Much of the Bill defers specific requirements to the regulations, and we encourage the government to consult widely on these regulations to ensure the right balance is achieved between a streamlined process and a safe, accountable one.

The draft regulatory impact statement⁸ highlights the need for project proponents to provide the data they gather to the state government to ensure that important information on renewable energy resources is not lost – particularly if the proposed project does not go ahead. We support measures in the Act (and subsequent regulations) that would ensure such data sharing occurs, and moreover that such data is also available to other/future proponents to prevent the unnecessary expenditure of funds on repeating data collection/analysis activities.

We would therefore like to see more detail in Subdivision 7 – Reporting requirements under this Act, particularly when it comes to the verification of information provided to the Minister under this section. Transparency is essential to building and keeping public confidence and support for new hydrogen and renewable energy projects. Where possible we believe data should be made publicly available to allow for greater understanding of our

⁵ Section 7 of the [National Electricity \(South Australia\) Act 1996](#) : "to promote efficient investment in, and efficient operation and use of, electricity services for the long term interests of consumers of electricity with respect to:

- price, quality, safety and reliability and security of supply of electricity
- the reliability, safety and security of the national electricity system"

⁶ State Budget 2023-24, [Budget Paper 4 – Agency Statements Volume 2](#), p.108

⁷ Department for Energy and Mining, [Hydrogen and Renewable Energy Act: Explanatory Guide to the Bill](#), 2023, pp.5-6

⁸ [Draft Regulatory Impact Statement](#) – Hydrogen and Renewable Energy Act, yoursay.sa.gov.au/hrebill

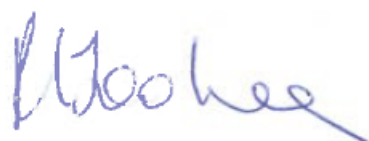
state's renewable energy resources, facilitate research, and to prevent resources being spent on duplicating work.

A Clear Commitment to Clean Hydrogen

While much is said in the Act and in the explanatory papers provided as part of this consultation about the need to shift towards renewable energy, SACOSS would like to see a more explicit commitment within the Act on clean, renewable-powered hydrogen production as opposed to hydrogen projects that require or rely on fossil fuels to operate. An explicit commitment to low-carbon hydrogen from governments is necessary to provide long-term investment confidence in these projects that may not be as attractive upfront when compared to other energy projects⁹. It is also essential for ensuring that hydrogen is used to fuel a real renewable energy transition, as opposed to extending other fossil fuel use and production.

If you have any questions in relation to this submission, please contact Malwina Wyrat at malwina@sacoss.org.au or 8305 4228.

Yours sincerely,



Dr Rebecca Tooher

Director of Policy and Advocacy
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⁹ [The Future of Hydrogen](#) – IEA, 2019