

Australian Energy Regulator

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## **Ergon Energy – Revised Regulatory Proposal 2025 – 2030**

The Electrical Trades Union of Australia (ETU) Queensland and Northern Territory Branch is the Electrical, Energy and Services Division of the Communications, Electrical, Electronic, Energy, Information, Postal, Plumbing and Allied Services Union of Australia (CEPU). The ETU Queensland and Northern Territory Branch represents over 6000 electrical supply industry workers employed by Energy Queensland and its contractors which Ergon Energy is a subsidiary.

The ETU welcomes the opportunity to make a submission to the AER relating to Ergon Energy's revised regulatory proposal.

### **Background**

With large parts of the Ergon network having been constructed as far back as the 1970s and 1980s, many network assets are now nearing the end of their useful lives and are unreliable and at risk of failing.

Ergon's Revised Regulatory Proposal emphasises the need to invest in replacing the ageing infrastructure to manage current and emerging network risks and ensure Ergon meets its customers' reliability, community safety and environmental expectations. The risks are simply too high to significantly lessen the focus on replacing older assets that are prone to failure.

At the same time, the anticipated rate of population, economic and jobs growth across the region means that Ergon must invest in the infrastructure to support more connections to the network and respond to increased demand for power.

The forecast replacement capex is increasing due to ageing assets reaching the end of their serviceable lives. As discussed in the Ergon Regulatory Proposal, while they have taken prudent actions to extend the lives of the assets, they must now be replaced due to safety risks and reliability impacts.

## Concerns

The shortfall in clearance to ground and clearance to structure defects must be addressed to ensure community safety and to meet legal obligations

The shortfall in replacement and augmentation budget allocation must be addressed in the final determination or there will be an increasing risk of power outages, serious injury or fatality. In 2021, in the North Queensland town of El Arish two young boys were nearly killed due to a fallen conductor that required urgent replacement. This is one example of the 37 investigations since 2016 of potentially fatal or fatal accidents.

The shortfall in Pole replacement must be addressed, poles are changed when defects are identified. Pole failure rates are still trending above code of practice targets.

Ergon has been reporting pole failure rates in excess of code of practice targets since 2020 and commissioned various external reviews to inform revised inspection criteria and hence increased replacement / pole nailing rates. For the first time since 2017/18 the annual volume of Ergon unassisted pole failures was below the nominal annual Code of Practice limit.

The shortfall in conductor replacement must be addressed. The El Arish example above is evidence that without adequate funding to replace the aged and deteriorated conductors that risk of fatality or serious injury will only increase.

We have serious concerns that the AER's refusal to accept the proposed augmentation costs will lead to a lack of adequate infrastructure that is already strained on peak load days. The required use of temporary generators is not a satisfactory long term solution for peak load times nor a prudent allocation of funds.

Reliability funding is also a serious concern - Ergon's network is impacted by the increasing amount of severe weather events; the reliability performance is deteriorating and will get worse without adequate investment

Benchmarking Ergon Energy against Essential Energy is not an accurate comparison, the size of our State, the required network to service such a large state and the extreme weather events in Queensland have not been adequately considered by the AER in its draft determination.

## Summary

The AER should take the safety of the public and our members as their main priority, anything less is not delivering a safe and reliable network to the people of Queensland and will only see more Queenslanders lives being put at risk..

Underinvestment leads to longer term issues including the eventual increased costs and serious safety issues in the interim.

In the current determination period, the Queensland Labor Government approved the overspend required, with the LNP Government being elected through until 2028

there is a real risk that they will not allow any overspend which will lead to increased outages, increased asset failures, increased loss of life.

With an aging network and significant population growth in our view the AER must allocate sufficient funds to ensure a safe and reliable electricity network.

The ETU would welcome the opportunity to discuss in detail our concerns outlined above and to share any examples or experiences that may be useful to the AER in formulating its determination.