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Queensland  
Government

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Treasury

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06 NOV 2007

Mr J Hall  
Chief Executive  
Queensland Competition Authority  
GPO Box 2257  
BRISBANE QLD 4001

Dear Mr Hall

I refer to the Queensland Competition Authority's invitation to provide comments on the supplementary Full Retail Competition (FRC) Cost Pass-Through Application from ENERGEX Ltd (Energex).

The Queensland Government introduced FRC into energy markets to encourage the energy sector in Queensland to become more competitive, and be more responsive to customer needs. In addition, FRC reforms aim to increase industry investment and ensure efficient energy supply for the longer term. In this changing environment, the challenge for the Queensland Government is to ensure that competition is efficiently fostered, and the economy continues to derive benefits from an increasingly efficient energy sector.

In addition to these structural changes resulting from the sale of the retail businesses of Energex and Ergon Energy, the implementation of FRC required preparations by Queensland Distribution Network Service Providers (DNSPs), and a number of alterations to these businesses. However, the decision to introduce FRC in Queensland was not intended to impose undue costs on DNSPs. As such, Treasury Department supports the pass-through by Energex of incremental, prudent and efficient costs that are directly attributable to the introduction of FRC, and to meeting the obligations that arise as a consequence of the legal and regulatory framework for FRC.

Should you require further information or assistance, please contact Miss Kellie Jones, Senior Economist, Economic and Inter-Governmental Relations Branch on (07) 3224 4996.

Yours sincerely



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Under Treasurer

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