



QLD COMPETITION AUTHORITY

26 AUG 2008

DATE RECEIVED



**Queensland
Government**

Office of the
Minister for Mines and Energy

Mr Brian Parmenter
Chairman
Queensland Competition Authority
GPO Box 2257
BRISBANE QLD 4001

Dear Mr Parmenter

I refer to the current requirement that the Queensland Competition Authority (QCA) calculate the 2009-10 Benchmark Retail Cost Index for electricity (BRCI) and publish revised Notified Prices by 1 December 2008.

I am pleased to inform you that the Government has decided to extend the existing timeframe and will now require the Draft Decision on the 2009-10 BRCI by 1 December 2008 and the Final Decision by 1 March 2009. To this end, please find attached a new Certificate of Delegation which revokes the previous delegation.

Should you have any enquiries, please contact Ms Michelle Norris of the Department of Mines and Energy on telephone 3225 8256.

Yours sincerely


GEOFF WILSON MP
Minister for Mines and Energy

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Dated: 26th August 2008

CERTIFICATE OF DELEGATION

Under section 90(3) of the *Electricity Act 1994* (Qld)

Delegation

In accordance with section 90(3) of the *Electricity Act 1994* (the Act), from the date of this delegation, I, the Honourable Geoff Wilson MP, Minister for Mines and Energy, delegate to the Queensland Competition Authority (QCA) the following functions and powers:

1. Calculation of the Benchmark Retail Cost Index (BRCI) under Chapter 4, Part 2, Division 3 of the Act;
2. Application of the change in the BRCI to the tariffs for the previous tariff year as required by section 90(5) of the Act; and
3. Publication of the amended tariff schedule for the relevant tariff year in accordance with sections 90(2), 90(7) and 96 of the Act.

This delegation does not include the power to fix principles under section 95 of the Act.

Conditions of delegation

1. The QCA must apply the change in the BRCI to the tariffs for the previous tariff year, taking into account any other changes to notified prices made by the Minister under the provisions of section 90 of the Act which are not the subject of this delegation, which will be advised prior to the required date for publication of the tariffs in accordance with the Act and this delegation.
2. The QCA must consider the following policy objective of the Queensland Government when exercising the delegated powers and functions:
 - a. the annual indexation of electricity tariffs by the index should ensure that existing retail headroom in the tariffs at the date of the Original Delegation made prior to the commencement of full retail competition¹ remains relatively stable (although not necessarily the same from year to year), and
 - b. the policy of enabling small market customers to revert to notified prices should not result in a retail entity providing customer retail services to non-market customers at a loss;
3. In calculating the network cost component of the 2008-09 BRCI, and future tariff years, the QCA must apply the AARR determined for each year of Ergon Energy's current access arrangement (covering the period 2005-06 to 2009-10), and any changes to the AARR for any approved cost pass through made subsequent to the finalisation of the current access arrangement, without undertaking any re-smoothing of these AARR amounts;
4. The QCA must complete the delegated activities for the 2009-10 tariff year no later than 1 March 2009;
5. On the same day that the QCA gazettes the tariff schedule for a tariff year, the QCA must make a public announcement of the change to the notified prices; and
6. Any other conditions formally notified by the Minister from time to time.

¹ The Original Delegation was made under section 90(3) of the *Electricity Act 1994* on 27 March 2007.

Dated: 26th August 2008

This delegation revokes any previous delegation made in relation to this matter and may be revoked or amended by the Queensland Minister for Mines and Energy at any time.



GEOFF WILSON MP
Minister for Mines and Energy