

# **Ergon Energy Corporation Limited**

**Review of Electricity Pricing and Tariff  
Structures**

**Stage 1 Draft Report  
– Submission**

**Queensland Competition Authority**

**Review of Electricity Pricing and Tariff Structures –  
Stage 1 Draft Report  
Submission  
Queensland Competition Authority  
28 August 2009**

This submission, which is available for publication, is made by:

Ergon Energy  
PO Box 15107  
City East  
BRISBANE QLD 4002

Enquiries or further communication should be directed to:

Tony Pfeiffer  
General Manager Regulatory Affairs  
Ergon Energy Corporation Limited  
Email: [tony.pfeiffer@ergon.com.au](mailto:tony.pfeiffer@ergon.com.au)  
Ph: (07) 3228 7711  
Mobile: 0417 734 664  
Fax: (07) 3228 8255

Or

Jenny Doyle  
Manager Regulatory Affairs – Tariff Strategy  
Ergon Energy Corporation Limited  
Email: [jenny.doyle@ergon.com.au](mailto:jenny.doyle@ergon.com.au)  
Ph: (07) 4092 9813  
Mobile: 0427 156 897



# TABLE OF CONTENTS

<b>1</b>	<b>INTRODUCTION .....</b>	<b>3</b>
<b>2</b>	<b>GENERAL COMMENTS .....</b>	<b>4</b>
<b>3</b>	<b>SPECIFIC COMMENTS .....</b>	<b>5</b>
3.1	Assessment of Existing Tariff Structures.....	5
3.1.1	Controlled Load Tariffs .....	5
3.2	Proposal for a New Pricing Methodology .....	5
3.2.1	The N + R Cost Build Up Approach.....	5
3.2.2	Uniform Tariff Policy and ‘Bundled’ vs ‘Unbundled’ Retail Tariffs.....	5
3.2.3	Site Specific Network Costs .....	9
3.3	Implementing an Alternative Methodology .....	9
3.3.1	Retail Tariff Eligibility and Metering Sophistication.....	9
3.3.2	AER 2010 Distribution Determination and Transitional Issues.....	11
3.3.3	Ability to meet the 1 July 2010 timetable .....	11
	<b>Attachment 1 .....</b>	<b>13</b>

# 1 INTRODUCTION

Ergon Energy welcomes the opportunity to provide comment to the Queensland Competition Authority (QCA) on its Draft Report on Stage One of its Review of Electricity Pricing and Tariff Structures.

This submission is provided by:

- Ergon Energy Corporation Ltd (EECL) in its capacity as a Distribution Network Service Provider (DNSP) in Queensland; and
- Ergon Energy Queensland Pty Ltd (EEQ), in its capacity as a non-competing area retail entity in Queensland.

In this submission, EECL and EEQ are collectively referred to as 'Ergon Energy'.

Ergon Energy is available to discuss this submission or provide further detail regarding the issues that it has raised should the QCA require.

.

## 2 GENERAL COMMENTS

Ergon Energy welcomes the collaborative approach being taken by the QCA in seeking stakeholder comment, and supports the QCA's view that the current Benchmark Retail Cost Index (BRCI) methodology has a number of flaws, and that a fundamental overhaul of the price setting approach is warranted in Queensland. Ergon Energy considers it essential that retail tariffs are significantly restructured to ensure the effective long term management of peak demand and the provision of incentives for more efficient electricity use.

Ergon Energy submits that a tariff structure must provide appropriate and cost reflective price signals to customers, and strongly supports the QCA's proposed N + R approach (in concept), which provides for the direct pass through (and signalling) of network costs to customers.

Further, Ergon Energy agrees that the proposed N + R approach and supporting price setting framework would offer significant improvements over the existing BRCI methodology, as it could provide a means to allow existing tariffs to be transitioned to cost reflective levels, as well as providing mechanisms to allow the pass through of not only network costs, but other 'expected' and 'unexpected' costs (such as those costs associated with the CPRS and expanded RET) likely to be incurred by retailers.

Ergon Energy recognises the concerns of consumer groups that changes to the current methodology for calculating prices and associated changes to tariff structures may impact on customers facing financial hardship. Ergon Energy believes that hardship issues are best addressed through government policies and effective retailer customer hardship programs. This ensures appropriate assistance is delivered to customers where it is most required. In this regard, Ergon Energy notes that it is continually reviewing its customer hardship program to ensure it keeps pace with customer needs in the changing economic climate.

While Ergon Energy is generally supportive of the QCA's provisional conclusions in respect to Stage 1 of the Review, and in particular the concept of the N + R approach, Ergon Energy considers there are several critical issues that must be addressed to ensure that the most practical implementation of any alternative tariff structure. Ergon Energy is of the view that some minor modifications to the N + R approach should be considered to reduce the complexity, cost and implementation lead times of the new solution.

Ergon Energy has set out detailed comments on each of these issues, which it believes is relevant information the QCA must consider prior to delivering its Final Report to the Minister in respect of Stage 1 of the Review, and releasing its Request for Comments Paper in respect of Stage 2 of the Review. Ergon Energy has to the extent possible, and in the time available, specified potential solutions or alternative options in relation to these issues.

For consistency Ergon Energy has sought to apply the terminology adopted in the QCA's Draft Report, which provides that the regulated tariff schedule includes 20 individual regulated retail tariffs (or regulated tariffs) each with associated notified prices.

### **3 SPECIFIC COMMENTS**

#### **3.1 Assessment of Existing Tariff Structures**

##### **3.1.1 Controlled Load Tariffs**

Ergon Energy notes that on page 18 and 19 of the Stage 1 Draft Report, the QCA state:

*“The relevant appliances must be hard-wired to the premises and permanently connected under this tariff, although provision can be made for supply to be made under a different tariff in the remaining hours of the day”*

Ergon Energy notes this statement is not accurate, and that the purpose of hardwiring apparatus is to ensure that customers can not make supply available (to that appliance) under a different tariff when the distributor switches Tariff 31 or Tariff 33 off. The controlled load tariffs are designed to provide incentive for more efficient electricity usage and enable distributors to manage system loads across peak periods, to improve performance of the network.

The current conditions for Tariff 31 and Tariff 33 in the Retail Gazette specifically state that the tariffs are not available if provision has been made to make supply available under a different tariff. Ergon Energy therefore requests that the QCA take this condition into account in the review of the existing tariff structures, as it is a critical component for ensuring load control capability is available to manage demand.

#### **3.2 Proposal for a New Pricing Methodology**

##### **3.2.1 The N + R Cost Build Up Approach**

Ergon Energy agrees with the QCA’s findings that in Queensland, the Network (N) + Retail (R) approach is preferable to a Weighted Average Price cap (WAPC) approach in light of the Government’s Uniform Tariff Policy, and objective of providing a ‘safety net’ for customers.

Whilst the N + R approach and supporting price setting framework represents an important step to resolving some of the current deficiencies with the existing BRCI methodology and resulting regulated retail tariffs, there are several issues within the detail that must be resolved in order for implementation requirements to be properly understood.

Ergon Energy notes the QCA has recognised a number of issues surrounding the Retail (R) component, (on which this submission does not specifically comment). However, Ergon Energy considers that it is important to address a number of issues concerning the outworking of the N + R approach and application of the Network (N) component. These issues are discussed further in this submission.

##### **3.2.2 Uniform Tariff Policy and ‘Bundled’ vs ‘Unbundled’ Retail Tariffs**

Ergon Energy supports the QCA’s view that it is important for both Ergon Energy and Energex to be able to send network price signals to their customers. It is also recognised that to achieve a balanced outcome, a practical approach must be determined that can address both the intent of the Uniform Tariff Policy and the ability for Ergon Energy to send its network price signals to its customers.

In relation to billing, Ergon Energy notes that the QCA is proposing the 'unbundling' of the network and retail cost components on customer bills, to allow Ergon Energy to send its own network price signals to customers (albeit 'muted signals' with the Government's Community Service Obligation (CSO) contribution). Ergon Energy understands that the QCA considers one of the main benefits of such an approach is that it would allow Ergon Energy (retail) customers to understand one of the significant drivers of the CSO and the Uniform Tariff Policy, namely the difference between the network costs of Ergon Energy and Energex.

In order to provide greater clarity regarding the difference between a bundled or aggregated retail tariff (constructed using an N + R approach) and an unbundled retail tariff (where cost components are separately *identified* in the tariff and therefore on the retail bill) some simple examples of the format of the charges section of a retail bill is presented as Attachment 1. Figures used are indicative only, but are based on the structure of Energex network tariffs.

The cost-benefit analysis of retailers separately identifying network pricing on retail bills should be considered in the longer term. In support of this position, Ergon Energy notes:

- The price signalling contained in the underlying network tariff would be visible to customers in a bundled notified price where the aggregation involves each of the appropriate (or 'like') components (i.e. the notified price structure separately identifies the aggregated fixed charge and the aggregated variable charge as well as separately identifying any capacity charge and/or demand charge which is contained in the underlying network tariff – see Attachment 1). This aggregated approach will inform the customer of what elements are controllable from their perspective. The differentiation between any network variable cost and retail variable cost, or any network fixed cost and retail fixed cost is largely a secondary issue for most (in particular small) customers;
- The aggregation of the network prices into the notified price is simpler from a system and administration perspective and potentially less confusing for customers. That is, if there are too many line items (and complexity) on a customer's bill, the important message of what is driving their electricity cost may be missed;
- Other jurisdictions which have adopted an N + R cost build up approach aggregate 'like' components for both Network (N) and Retail (R) to derive a bundled notified price, which is then applied to the customer's bill; and
- Information on network charges could be achieved via alternative and potentially more cost effective means (for example information provided via internet, bill inserts, brochures etc) until such time as the information can be included on bills.

While Ergon Energy appreciates the proposed unbundled approach has the potential to send relevant (Ergon Energy) pricing signals to customers, it is not clear to Ergon Energy what the QCA is specifically proposing to be presented on retail bills, particularly in respect of what is to be included on bills to illustrate Ergon Energy's actual network costs, and the Government's CSO benefit. Ergon Energy interprets, in the case of its (retail) bills issued to its (non-market) customers, the QCA is proposing that:

- The 'notified' network cost component (N) of the notified price (based on Energex's network tariffs) is to be identified as a separate 'unbundled' network charge, and included as billing line items in the retail bill; and
- Ergon Energy's network costs for each customer are to be separately identified, and included as additional billing line items in the retail bill (for information purposes only).

Ergon Energy is concerned that it may also be interpreted that the QCA proposes that the CSO benefit 'attributable' to each individual customer is to be separately identified and included as a billing line item in the retail bill (for information purposes only).

Ergon Energy seeks the QCA's clarification in regard to the interpretations above, and further, raises a number of concerns with such a proposal, namely:

- Based on the above assumptions, this proposal is considered to be of very high complexity and cost. Based on the limited information provided in the Stage 1 Draft Report, it is not possible to fully scope or cost the system changes necessary to implement such a proposal. Much more detail on specific requirements would need to be 'fleshed out' prior to effectively assessing time and cost implications;
- Ergon Energy considers the proposal would cause extensive implementation issues for *all* Retailers' which has the ability to significantly impact system delivery costs and timeframes. It alone would also (noting the non-system implementation issues which must also be addressed) limit the ability to deliver on other critical system changes (by 1 July 2010) essential for the actual calculation of charges required under a new tariff structure;
- The proposal would require each non-market regional Queensland customer's retail bill to be generated with reference to both Energex and Ergon Energy network prices, specific to each customer's usage characteristics. Due to system constraints, this is not possible in the "information panel" on the bill, and must instead form part of the "body" of the bill calculations. This would mean including line items in the bill which would be irrelevant in the calculation of total amounts owing by a customer. In addition to the system cost implications, Ergon Energy considers this may create a high level of complexity and confusion for customers;
- The CSO benefit is a complex equation which comprises costs other than simply network cost differences. As a result, *it is not possible* to calculate the equivalent CSO benefit for each individual customer (or premises) in order to place such information on the retail bill. Any attempt to estimate or average the CSO benefit across individual customers would be confusing and misleading at best for customers; and
- The provision of Ergon Energy's network costs for *information purposes only* on customer bills is considered to provide little signalling benefit at this time in return for the significant cost of implementation. Ultimately, any costs imposed on retailers to facilitate such an outcome would be worn by customers.

Clarification is also sought on whether the proposal to separately identify network costs includes the separate identification of distribution and transmission costs. For reasons

stated above, this approach is envisaged to add cost and confusion, with minimal signalling benefit.

Ergon Energy submits that the desire to increase transparency of cost drivers on a retail bill must be balanced not only against the billing system cost implications, but also against a consideration of whether specifically separating out the network and retail components on the retail bill actually provides a greater price signalling benefit.

In its July 2009 submission, Ergon Energy stated a preference for its network price to be passed through to customers as a component of the notified price, subject to determining a practical outcome to resolve the issues surrounding the Uniform Tariff Policy. As noted earlier, any approach must also ensure that hardship issues are appropriately addressed. As the review is to be conducted within the context of the Government's Uniform Tariff Policy is we recognise that this outcome is not achievable.

Ergon Energy considers it essential that the principal focus for the QCA review at this time is therefore on achieving an approach which delivers cost-reflective pricing for South East Queensland, introduces notified price structures which allow customers to see and respond to network price signalling (e.g. demand and capacity) which is included on their bills and also limits the billing system and process changes necessary to deliver the new notified price structures (under the N + R approach) as soon as practically possible.

Accordingly, to avoid unnecessary cost and complexity, yet achieve an appropriate outcome, Ergon Energy considers some minor modifications (namely a 'bundled' or 'aggregated' N + R approach to the setting of notified prices) should be considered by the QCA.

Ergon Energy envisages the following features in a 'bundled' or 'aggregated' Regulated Retail Tariff under a Uniform Tariff Policy:

- "Like" 'N' and 'R' cost components to be added together, to become charging components of the notified prices (for example retail fixed costs and network fixed costs would be added together to become the total fixed charge component of the retail tariff);
- The Network 'N' component is based on the pass through of Energex's network costs;
- Ergon Energy will determine retail tariff eligibility for its customers based on Energex's network tariff eligibility rules (this issue is discussed further in this submission); and
- Ergon Energy network charges (and CSO benefit) is not required to be displayed on the retail bill.

Ergon Energy considers this 'aggregate' or 'bundled' approach to be of lower complexity compared with the 'unbundled' approach (which is considered to be very high complexity). Until final tariff structures, calculations, eligibility rules and bill formatting requirements are determined it is difficult to estimate the lead time required to implement systems, create new processes and deliver the training necessary to achieve the outcome.

On balance, Ergon Energy considers that an 'aggregated' or 'bundled' notified price tariff approach is preferable to the 'unbundled' approach proposed in the Stage 1 Draft Report. As much is impacted by the detail of any approach, it is difficult to provide further comment at this stage. As such, Ergon Energy considers that further analysis is

required as part of the development of tariff structures in the Stage 2 Request for Comments.

### **3.2.3 Site Specific Network Costs**

Both Ergon Energy and Energex have site specific network cost components in their respective network tariffs for particular large customers classified as Individually Connected Customers (ICCs), Connection Asset Customers (CACs) and Embedded Generators (EGs). Generally these customers are large network users who have a dedicated supply system (or share a dedicated supply system) which is quite different and separate from the remainder of the supply network. Typically such customers have either large energy consumption requirements, or place significant demand on the network. Accordingly, site specific costs are charged to these customers to send individual or direct cost of supply signals of the costs associated with the actual dedicated connection assets (or share of dedicated connection assets) utilised by the customer, as well as apportioning appropriate charges for use of any shared distribution network assets utilised by the customer in taking supply from the distribution system.

To facilitate site specific charges, Ergon Energy and Energex apply individual network tariffs for each ICC, CAC and EG customer. While the proposed N + R approach based on South East Queensland (Energex) costs should be a workable approach for relevant large customers on the Energex network, (provided that where network costs are site specific the notified price applicable for that customer specifically bundles that site specific cost), a policy decision must be made on the 'N' component which will be incorporated into the notified price applicable to those customers connected to Ergon Energy's network who also have site-specific network costs. Ergon Energy is cognisant that Ergon Energy and Energex are two separate distribution businesses with different network assets, cost drivers and customer characteristics. In terms of cost reflectivity, both businesses necessarily have different network tariffs for supplying such large customers.

Ergon Energy notes, the approach to this issue will have implications for how many regulated retail tariffs are required if the N + R components are aggregated to derive 'bundled' notified prices in the regulated retail tariffs for large customers. That said, it is important to note site-specific network costs need not drive an increase in the complexity of tariffs in a retail schedule, provided the rules for application of site-specific network costs are made clear.

The reclassification of services under the AER has some impacts for site specific costs of new ICC, CAC and EG customers (i.e. the reclassification of design and construction of new large customer connection assets as an 'Alternative Control Service' means the connection service will be removed from the revenue cap and provided for under a price-cap approach). This means that the customers will pay up-front for the design and construction of any dedicated connection assets. However, the network tariffs for these customers will still be site specific. Ergon Energy considers as a matter of fairness that each distributor's site specific costs should be passed through to customers.

## **3.3 Implementing an Alternative Methodology**

### **3.3.1 Retail Tariff Eligibility and Metering Sophistication**

Under the 'bundled approach' proposed by Ergon Energy, if bundled notified prices are to be based on Energex's network tariffs, then Energex's network tariff eligibility criteria must be used as the basis for determining the eligibility of customers, including those in

regional Queensland, for a particular regulated retail tariff. Under such an approach it is Energex's network tariff that will become the eligibility driver, with any fixed and variable 'R' components of the bundled notified prices consistent in structure with the components of the network tariff.

Ergon Energy understands that Energex's network tariff eligibility criteria includes the meter type a customer has installed at their premise (e.g. if a customer has a demand meter installed the customer is not eligible for a non-demand network tariff). The network tariff structure will necessarily determine the R component of the bundled notified price, for example:

- If Energex's fixed charge component is based on \$/day then any fixed R component should also be based in \$/day; and
- If Energex's variable component is based on time of use for defined periods on a \$/kWh basis then if a time of use signal is desired in the retail component, it must apply the same time of use period as the network tariff.

Ergon Energy notes that the QCA has recognised regulated retail tariff reform will be limited to some extent by the current metering sophistication installed in the vast majority of premises throughout Queensland (and in particular in small customers premises). The QCA has also specifically noted in its Stage 1 Draft Report that smart meters are progressively been rolled out in Queensland.

Ergon Energy considers that a distinction needs to be made between "smart meters" and "interval meters". "Smart meters" provide 2-way communications, while "interval meters" are required to be manually read. When read as an interval meter both meter types provide signalling options (such as time-of-use structures) to achieve the objectives of peak load reduction, demand side management and energy efficiency.

Currently under the National Metrology Procedure (NMP), Ergon Energy is required to install (and replace) interval meters capable of being upgraded to a type 4 meter without being removed (that is a remotely read meter, producing metering data at half hourly intervals). That is, "interval meters" rather than "smart meters" are being installed in Queensland. However, in Queensland the NMP also requires these meters to be registered and (manually) read as per an accumulation meter.

While Ergon Energy supports the development of effective price signalling (and metering sophistication), Ergon Energy notes a change to the NMP would be required to allow customers to make use of tariffs (such as time-of-use tariff structures) that require such interval data. As the requirement to read interval meters as "interval meters" will have a significant impact on Ergon Energy's systems, this cost needs to be taken into account in making any decision in pursuing a change to the current policy.

Ergon Energy also notes that it is undertaking a trial of smart meters. However, a decision regarding any future full rollout of smart meters is unlikely to be made until 2012.

Further consideration of upcoming smart meter initiatives and the costs / benefits associated with a roll-out of interval metering could be further investigated in Stage 2 of the review. That said, this should not be a reason to delay the implementation of alternative structural solutions for regulated retail tariffs and notified prices which will allow the delivery of the full range of effective price signalling when more sophisticated metering is installed. In fact, the existence of tariff structures which can respond to advanced metering capability should be a key feature in any decision.

### 3.3.2 AER 2010 Distribution Determination and Transitional Issues

The QCA Stage 1 Draft Report states that:

*“Given that a new AER determination in respect of distribution network costs is due as to take effect from 1 July 2010, it would seem appropriate that this should trigger a review of notified prices if proposes costs that are materially different from the costs estimates already included in prices. Such a process will still be necessary even if network costs are a direct cost pass-through, as there must be a mechanism that ensures prices stability as well as enabling cost pass-through.”*

Further, the Stage 1 Draft Report indicates that one of the discretionary re-opening mechanisms to be included in the QCA’s proposed three year price path, is the:

*“Automatic review if the Australian Energy Regulator (AER) Final Decision on network revenue is materially different from the Draft Decision which would be taken to account in 2010-11 price setting.”*

Ergon Energy understands the QCA’s concern for retail consumers, in relation to the potential for increases in prices, from the date of determining the new regulated retail tariffs and notified prices for 1 July 2010 (based on the AER draft determination) and the AER final determination.

Ergon Energy is of the view that only the ‘R’ component can be stabilised for a period of time (subject to the re-opening of a pricing decision e.g. as a result of cost impacts of CPRS), and that the N component should not be subject to stabilisation by the QCA or the Government, as the determination of the N component is already regulated by the AER. If the N component of notified prices does not reflect the N which is charged to retailers, the proposed approach will retain one of the significant flaws identified in the existing approach where there is not a sufficient link between retail prices and network costs.

### 3.3.3 Ability to meet the 1 July 2010 timetable

As highlighted above, Ergon Energy considers that the key issues which could prevent the delivery of a new regulated retail tariff structure (under the N + R approach) by 1 July 2010 are:

- Requirements concerning the level of network tariff information that must be placed on the retail bill. ‘Bundling’ of N + R will present the simplest, least cost, least confusing approach which will still deliver price signalling. More complex structural approaches require more significant change processes including:
  - billing system changes;
  - business process changes;
  - development of consumer education information; and
  - training to customer-facing staff (e.g. call centre) to ensure understanding and ability to communicate appropriately with customers (noting the complexity of the issues for all people involved);
- Consideration and resolution of eligibility issues for regulated retail tariffs;

- Consideration and resolution of how site specific costs for both Energex and Ergon Energy connected customers will be addressed under the new regulated retail tariff and notified pricing approach; and
- The ability to undertake full and considered consultation to ensure the delivery of an optimal outcome for Queensland.

The current lack of detail surrounding these issues means it is not possible to fully scope the system and process changes necessary for implementation. The complexity of the solution to each of these issues has the ability to significantly impact delivery cost and timeframes.

Ergon Energy recognises that there are benefits to replacing the BRCI mechanism and implementing new tariff structures by 1 July 2010. However, there remains significant detail to be determined in order to deliver a workable solution, and this should be the subject of appropriate consultation. Due to the fundamental nature of the proposed changes, there will be significant system and process changes necessary to deliver any new solution. As such it may be more appropriate to target a 1 July 2011 implementation date for any significant changes to BRCI or tariff structures. Such an approach will allow a better understanding of the impacts on industry and customers and provide more appropriate lead times for consultation, system and process readiness and business and customer education.

A decision regarding the implementation date for tariff structural change is required as soon as possible and will frame the review process going forward. In this regard, if it is agreed that it is more appropriate to delay significant tariff structural change until 1 July 2011 it is essential to note:

- This should be used to ensure that ample notice is provided prior to the implementation date for businesses and customers to understand and prepare. It would not be desirable to delay implementation only to see final decisions on components made a few months out from the implementation date; and
- There will need to be significant focus on what, if any, transitional mechanism is able to be applied from 1 July 2010 to prepare for the future environment. For the reasons noted below consideration must be given to what changes would be appropriate and achievable in the timeframes:
  - Any change to notified price *structures* will present similar issues to those described above;
  - If there are legislative timing impediments to changing the BRCI mechanism (but retaining it in some form) the transitional options may be limited; and
  - Implications for customer hardship must be understood and addressed through any transitional approach.

Initial consideration suggests that any transitional approach is likely to be limited to:

- Consolidation of existing regulated retail tariffs, including removal of obsolescent tariffs; and
- Reviewing the levels of current tariffs by adopting a move towards a building block approach, but applying a proxy for underlying network costs where multiple eligible network tariffs exist for an existing regulated retail tariff, or where the structure of the underlying network tariff has a different structure to the 'associated' notified price.

Significant and early focus on these issues is an essential component of Stage 2 of this Review.

# ATTACHMENT 1

## EXAMPLE RETAIL BILLS (Sample/Indicative Numbers for Illustrative Purposes Only)

**Basis:**

Network Components based on Energex's Network Tariff Code 8300 for 2009/10  
Retail Components are illustrative only  
Customer: SAC Small Business Customer (Demand Meter)

BUNDLED (AGGREGATED) RETAIL BILL					
Retail Tariff Flat	Rate / Basis of Charge	Quantity	GST	Amount (GST Incl.)	
Fixed Charge	2.16102 \$/Day	91 Day/s	\$19.67	\$216.32	
Demand Charge	13.53128 \$/kWh/month	55 Kw	\$222.65	\$2,449.20	
Energy Charge	9.50200 Cents/kWh	30,000 Kwh	\$285.06	\$3,135.66	
<b>Total Bill Based on Regulated Tariff</b>			<b>\$527.38</b>	<b>\$5,801.18</b>	
Additional Charges	Rate / Basis of Charge	Quantity	GST	Amount (GST Incl.)	
QLD Ambulance Levy	0.26090 cents/day	91 Days	\$2.37	\$26.11	
<b>Total Additional Charges</b>			<b>\$2.37</b>	<b>\$26.11</b>	
<b>Total Bill based on Regulated Tariff and Additional Charges</b>			<b>\$529.75</b>	<b>\$5,827.29</b>	

**Bundled (Aggregated) Retail Bill Rate Calcs:**

<b>Fixed Charge</b>	0.29500 Retail Fixed Charge
	0.95928 Plus DUoS Fixed Charge
	0.90674 Plus TUoS Fixed Charge
	<b>2.16102</b>
<b>Demand Charge</b>	12.40596 DUoS Demand Charge
	1.12532 Plus TUoS Demand Charge
	<b>13.53128</b>
<b>Energy Charge</b>	8.21000 Retail Energy Charge
	0.21100 DUoS Energy Charge
	1.08100 TUoS Energy Charge
	<b>9.50200</b>

Note - Colours are used to illustrate which Unbundled rates are used to calculate the Bundled rates

UNBUNDLED RETAIL BILL - TYPE 1					
Retail Charge	Tariff	Rate / Basis of Charge	Quantity	GST	Amount (GST Incl.)
Fixed	Flat	0.29500 \$/Day	91 Days	\$2.68	\$29.53
Energy	Flat	8.21000 Cents/kWh	30,000 kWh	\$246.30	\$2,709.30
<b>Total Retail Charges</b>				<b>\$248.98</b>	<b>\$2,738.83</b>
Network Use of System Charges (NUoS)					
NUoS Fixed Charge		1.86602 \$/Day	91 Day/s	\$16.98	\$186.79
NUoS Demand Charge		13.53128 \$/kWh/month	55 Kw	\$222.65	\$2,449.20
NUoS Energy Charge		1.29200 Cents/kWh	30,000 Kwh	\$38.76	\$426.36
<b>Total Network Charges</b>				<b>\$278.40</b>	<b>\$3,062.35</b>
Additional Charges	Rate / Basis of Charge	Quantity	GST	Amount (GST Incl.)	
QLD Ambulance Levy	0.26090 cents/day	91 Days	\$2.37	\$26.11	
<b>Total Additional Charges</b>			<b>\$2.37</b>	<b>\$26.11</b>	
<b>Total Bill based on Regulated Tariff and Additional Charges</b>			<b>\$529.75</b>	<b>\$5,827.29</b>	

UNBUNDLED RETAIL BILL - TYPE 2					
Retail Charge	Tariff	Rate / Basis of Charge	Quantity	GST	Amount (GST Incl.)
Fixed	Flat	0.29500 \$/Day	91 Days	\$2.68	\$29.53
Energy	Flat	8.21000 Cents/kWh	30,000 kWh	\$246.30	\$2,709.30
<b>Total Retail Charges</b>				<b>\$248.98</b>	<b>\$2,738.83</b>
Network Use of System Charges (NUoS)					
DUoS Fixed Charge		0.95928 \$/Day	91 Day/s	\$8.73	\$96.02
DUoS Demand Charge		12.40596 \$/kWh/month	55 Kw	\$204.14	\$2,245.51
DUoS Energy Charge		0.21100 Cents/kWh	30,000 Kwh	\$6.33	\$69.63
TUoS Fixed Charge		0.90674 \$/Day	91 Day/s	\$8.25	\$90.76
TUoS Demand Charge		1.12532 \$/kWh/month	55 Kw	\$18.52	\$203.69
TUoS Energy Charge		1.08100 Cents/kWh	30,000 kWh	\$32.43	\$356.73
<b>Total Network Charges</b>				<b>\$278.39</b>	<b>\$3,062.34</b>
Additional Charges	Rate / Basis of Charge	Quantity	GST	Amount (GST Incl.)	
QLD Ambulance Levy	0.26090 cents/day	91 Days	\$2.37	\$26.11	
<b>Total Additional Charges</b>			<b>\$2.37</b>	<b>\$26.11</b>	
<b>Total Bill based on Regulated Tariff and Additional Charges</b>			<b>\$529.75</b>	<b>\$5,827.28</b>	

**Extract from the 2009-2010 Energex Tariff Schedule**

Table 2: Network Tariffs for Demand Metered Standard Asset Customers

Network Tariff Code	Network Tariff Description	Default Distribution Loss Factor	Minimum Chargeable Demand (kW)	Tariff Component	Fixed Price (\$/day)	Demand Price (\$/kWh month)	Energy Price (c/kWh)
8000	High Voltage Demand	FLCL	200	DUoS	\$27.81458	\$5.73413	0.200
				TUoS	\$6.74498	\$0.89849	1.031
				NUoS	\$34.55956	\$6.63262	1.231
				<b>NUoS (GST)</b>	<b>\$38.01652</b>	<b>\$7.29588</b>	<b>1.364</b>
8100	Large Demand	FLCL	400	DUoS	\$26.69674	\$6.43411	0.199
				TUoS	\$10.91524	\$1.10716	1.130
				NUoS	\$37.51498	\$7.54127	1.329
				<b>NUoS (GST)</b>	<b>\$41.26648</b>	<b>\$8.29540</b>	<b>1.462</b>
8200	Medium Demand	FLCL	120	DUoS	\$10.02140	\$7.65137	0.203
				TUoS	\$3.83334	\$1.12485	1.081
				NUoS	\$13.85474	\$6.77622	1.284
				<b>NUoS (GST)</b>	<b>\$15.24021</b>	<b>\$9.65384</b>	<b>1.412</b>
8300	Small Demand	FLCL	20	DUoS	\$0.95928	\$12.40596	0.211
				TUoS	\$0.90674	\$1.12532	1.081
				NUoS	\$1.86602	\$13.53128	1.292
				<b>NUoS (GST)</b>	<b>\$2.05262</b>	<b>\$14.88441</b>	<b>1.421</b>

N.B. NUoS is the sum of DUoS and TUoS

