

Certificate of Delegation

Under section 90(3) of the *Electricity Act 1994* (as amended)¹

Delegation

For the purposes of sections 90(1) and 320 of the *Electricity Act 1994*, from the date of this certificate, I delegate to the Queensland Competition Authority (“QCA”) the following functions and powers:

1. Calculation of the benchmark retail cost index under Subdivision 3 of Chapter 4, Part 2, Division 3 of the *Electricity Act 1994* (as amended); and
2. Fixing of future principles for benchmark retail cost element under section 95 of the *Electricity Act 1994* (as amended).

Exceptions to delegation

For the avoidance of doubt, this delegation does not include:

1. The power to add, remove or change a tariff in the existing tariff schedule;
2. The function and power under section 90(1)(c) to decide the prices or decide the methodology for fixing the prices that a retail entity may charge its non-market customers for charges or fees relating to customer retail services (except to the extent that the benchmark retail cost index (“index”) will be used to adjust such prices as already exist in the tariff schedule from time to time);
3. The function and power under section 90(1)(d) to decide the prices or decide the methodology for fixing the prices that a retail entity may charge its non-market customers for other goods and services prescribed under a regulation;
4. The function or power under section 90(7) to publish, by gazette notice, the prices (including, to avoid doubt, the decision relating to GST matters in sections 90(6) and 90(8)); and
5. Subject to condition 4 to this delegation, the obligation to ensure that the prices (as indexed) are gazetted at least one month before the relevant tariff year starts.

Conditions of delegation

This delegation is subject to the following conditions:

¹ In accordance with section 320(2) of the *Electricity Act 1994*, all references to the Act in this instrument of delegation are references to the Act as amended by the *Electricity and Other Legislation Amendment Act 2006* whether or not those amendments have commenced on the date this delegation is given

- 1 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 this delegation (as modified by condition 2 below) remains relatively stable; 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.
- 2 In order for the Minister to carry out the functions required under sections 90(5) and 91D of the Electricity Act 1994, the QCA must calculate the index for the relevant tariff year and the preceding tariff year – unless the index has already been provided for the previous tariff year and there have been no changes to the methodology used to calculate the index.
- 3 The QCA must recalculate Ergon Energy's Aggregate Annual Revenue Requirement ("AARR") for the access arrangement covering the period 2005/06 to 2009/10 by Net Present Value ("NPV") smoothing the actual AARR to determine annual revenue requirements which increase annually by the same percentage each year of the access arrangement covering the period 2005/06 to 2009/10. The resultant smoothed revenue requirements should be used to calculate the benchmark retail cost index for the following tariff years: 2007/08, 2008/09 and 2009/10.
- 4 The QCA must complete the delegated activities for each tariff year no later than 15 working days (or another date agreed with the Minister) prior to the date on which the Minister must gazette notified prices under section 96 of the *Electricity Act 1994*.
- 5 Any other conditions formally notified by the Minister from time to time.

This delegation may be revoked or amended by the Minister for Mines and Energy, Queensland at any time.



GEOFF WILSON MP
Minister for Mines and Energy

Date: