

**Electricity prices from 1 July 2014
– updated 24 July 2014**

The QCA sets regulated electricity prices in Queensland.

On 30 May 2014, the QCA released its final decision on regulated electricity prices to apply from 1 July 2014.

On 17 July 2014, the Commonwealth Government repealed the carbon tax with effect from 1 July 2014. This means that this cost is no longer factored into regulated retail prices for 2014–15.

Most residential customers in south east Queensland have switched to market contracts which are often cheaper than regulated tariffs. Many large businesses are also paying market rates. However regulated prices are still important as they effectively set maximum prices for most customers.

This fact sheet explains how electricity prices will change in 2014–15. More detailed fact sheets are available for residential, business and transitional tariffs, as well as how the repeal of the carbon tax has affected electricity prices.

Your electricity bill

There are three main activities involved in supplying electricity to homes and businesses:

- Generating electricity in power stations for sale to retailers
- Delivering electricity through ‘poles and wires’ to customers
- Selling electricity by retailers to customers.

Components of the energy supply chain

Customers’ bills cover the costs of the services provided above. They also include the costs of green schemes, such as the renewable energy target (a requirement for some electricity to come from renewable sources) and the solar bonus scheme (some customers with solar panels are paid to sell the electricity their panels generate).

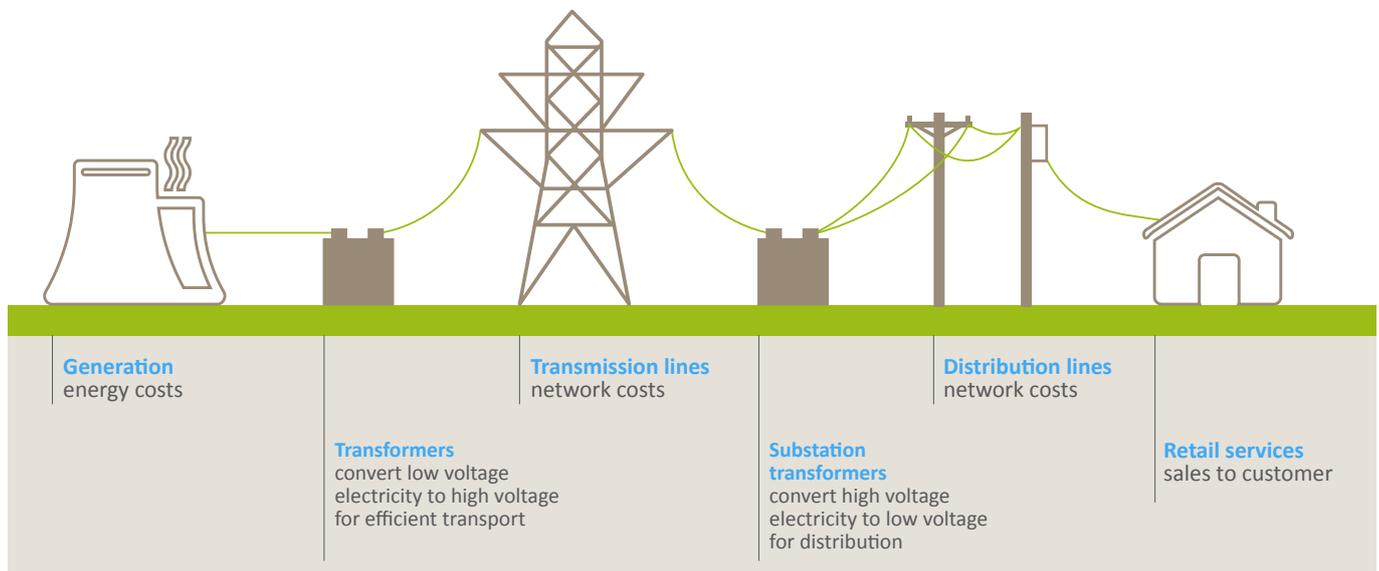
Rising costs means rising prices

Unfortunately, even though the carbon tax no longer applies, many of the other costs outlined above are rising.

The non-carbon part of the wholesale cost of energy, which reflects the price of electricity in the national generation market, is expected to increase by 30% in 2014–15. This accounts for most of the expected increase for the typical tariff 11 customer.

Queensland’s Solar Bonus Scheme is the next major cost driver. The scheme pays generous feed-in tariffs to residential customers who sell electricity back into the grid from their solar panels.

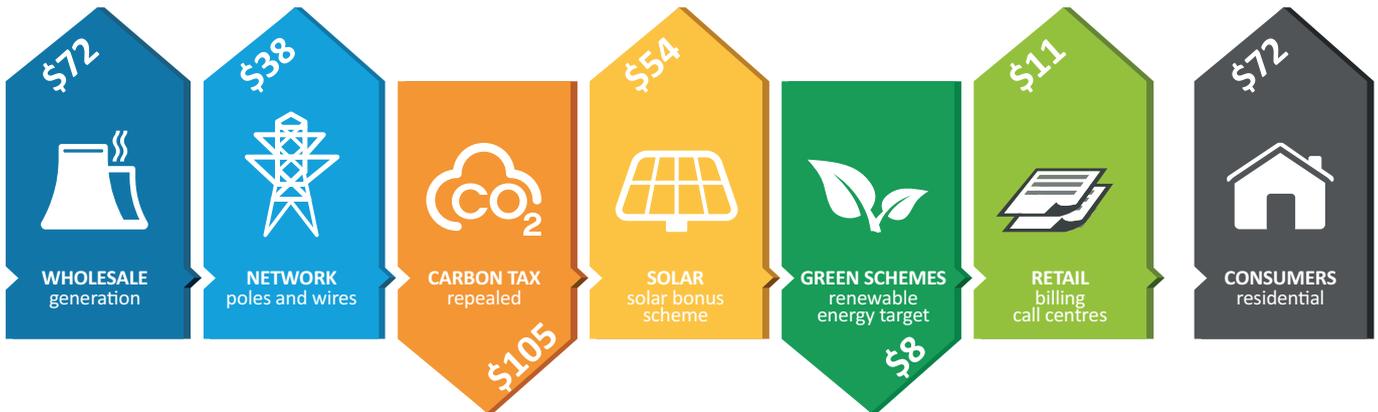
Network charges for the ‘poles and wires’ are the third largest cost driver. Network charges have been rising sharply in recent years and represent almost half of the typical bill.



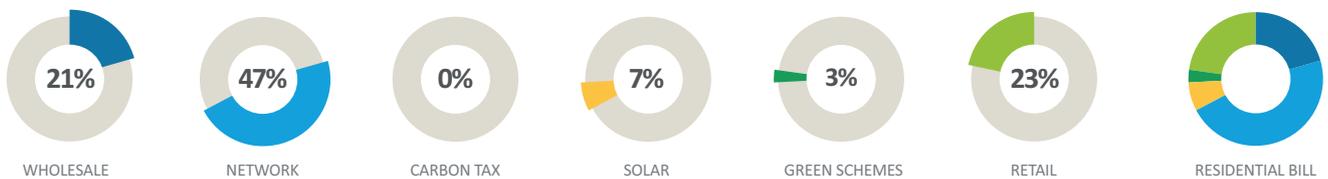
Components of the energy supply chain

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Changes to a typical bill 2014–15 (after repeal of carbon tax)*



Percentage of bill



* Totals may not add due to rounding.
Does not show \$11 in additional costs – rebalancing cross-subsidy from large to small

The carbon tax

The QCA's final determination provided two sets of regulated prices for each tariff; one including the carbon tax and one without the carbon tax.

Following the repeal of the carbon tax, the Queensland Minister for Energy and Water Supply implemented the carbon-exclusive retail prices. These will be backdated so that they apply from 1 July 2014.

Please see our carbon tax fact sheet for more information on how the removal of the carbon tax has affected different tariffs.

Residential customers

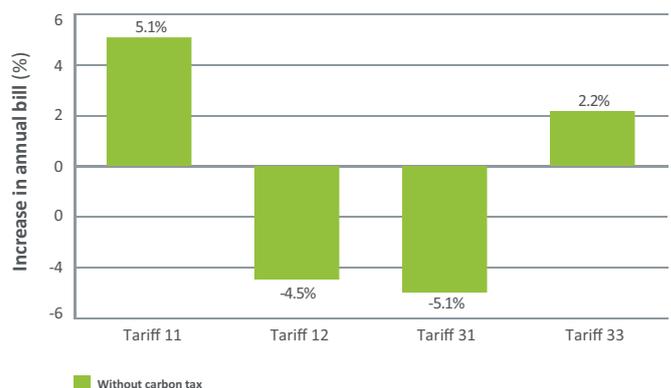
The typical residential customer, consuming about 4,100 kWh per annum, is likely to see an increase of 5.1% or \$72 now that the carbon tax has been removed. Some residential customers are supplied under tariff 12 and these customers will typically see a decrease in their annual bill of around 4.5%.

Most residential customers benefit from using cheap off-peak tariffs for water heating and controlled loads such as pool pumps (tariffs 31 and 33). The typical customer bill for tariff 31 will decrease by 5.1% compared to last year, while the increase in the tariff 33 bill will be limited to 2.2%.

The chart below shows the changes in costs for the typical residential customer now that the carbon tax has been removed.

A separate fact sheet provides more details.

Change in electricity bills in 2014–15 for typical residential customers



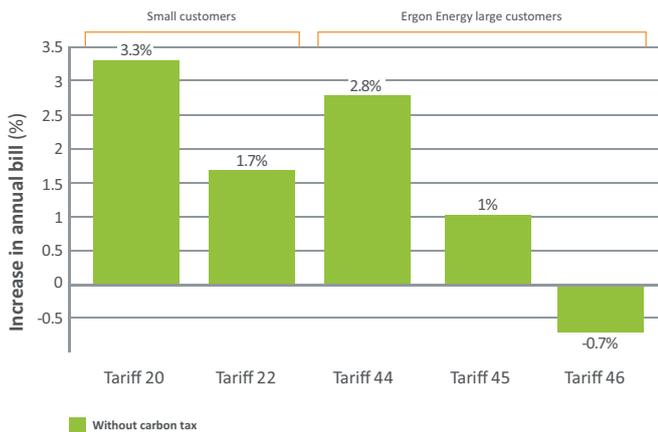
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Business customers

Business customers will also be affected by rising costs. The graph above shows bill increases for typical customers on the five main business tariffs.

A separate fact sheet provides more details.

Change in electricity bills in 2014–15 for typical business customers



Transitional tariffs

It is important that Queensland electricity tariffs are 'cost-reflective': that is, that prices cover the costs of supplying electricity to customers. This ensures reliable, long-term supply and avoids one group of customers subsidising other customers.

There are two main exceptions. The State Government's uniform tariff policy subsidises retail electricity prices for households and small business in regional Queensland to align with cheaper retail prices in south east Queensland. In 2014–15, this subsidy is expected to cost \$660 million.

The other exception are nine 'transitional tariffs' paid by about 43,000 customers, mostly irrigators and regional businesses. These tariffs fall short, sometimes well short, of covering the cost of supplying electricity to customers. The QCA proposes to phase out most of these tariffs by 2020.

With the removal of the carbon tax, these tariffs will all increase by 10% (rather than between 15% and 18%) to ensure the size of the subsidy paid to support these tariffs is contained.

A separate fact sheet provides more details.

Changing your tariff

Customers in south east Queensland are encouraged to shop around for a better deal. Our independent price comparator can help compare electricity prices offered by retailers. It's free to use and available on our website www.qca.org.au/compare

Unfortunately, retailers do not generally make offers to residential customers in regional Queensland because regulated prices are subsidised. The Queensland Government is looking at ways to introduce competition in regional areas, so this may change in future.

Help with your bill

If you are struggling to pay your electricity bill, you should discuss your situation with your retailer. Retailers offer support to their customers in hardship.

The Queensland Government offers support to customers in some circumstances. For more information visit the Department for Energy and Water Supply's electricity concessions page on their website www.dews.qld.gov.au/energy-water-home/electricity/rebates or call them on: 13 QGOV (13 74 68).