

18 March 2013

Regulated Retail Electricity Prices 2013-14
Queensland Competition Authority
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Sent via email to: electricity@qca.org.au

Dear Sir/Madam,

The Electrical Contractors Association is grateful for the opportunity to respond to the Queensland Competition Authority's *Draft Determination on Regulated Retail Electricity Prices 2013-14*.

The **Electrical Contractors Association** (ECA) is the leading voice of the electrical industry and is committed to improving and advancing this sector. ECA is registered as an industrial organisation under Queensland legislation with its operation in Queensland. The association's website is: <http://www.masterelectricians.com.au/page/ECA/>

Master Electricians Australia Ltd (MEA) is a not-for-profit organisation that provides a national accreditation program to electrical contractors seeking to differentiate themselves from other contractors. MEA is part of the ECA Group of Companies and operates nationally. The organisation's website is: <http://www.masterelectricians.com.au>.

References to ECA and opinions expressed by the ECA, within this submission, should be read as both the Electrical Contractors Association and Master Electricians Australia.

ECA acknowledges the reality of electricity price rises and can recognise the need to allow the standard tariff (Tariff 11) to increase in order to reflect true cost. However, we would urge the QCA to seriously consider a freeze on any increases to tariffs 31 and 33.

The QCA has rightly identified the cost of investing in the network as the largest driver of power prices in the state at the moment. However, this additional network capacity is really only required for a few hours each day at peak demand times. The only way to effectively contain these costs is to reduce peak demand. Controlled load off-peak tariffs options such as tariffs 31 and 33 can provide genuine cost savings and ease pressure on aging networks, but are currently underutilised. The existing requirement for appliances connected to tariff 31 to be hard wired to the electricity supply is an obstacle to the uptake of off-peak tariffs that we understand the QCA is not in the position to address. However, we would argue that an escalation in the price of tariffs 31 and 33 is just another compelling reason for consumers not to utilise off-peak tariff options. In the Discussion Paper, the QCA articulates their concern that the current tariff structure does not necessarily provide an accurate signal to customers about the true underlying costs of their electricity consumption and that, "*many stakeholders have rightly questioned why both distributors provide such weak incentives to customers to shift their consumption to off-peak periods*". Off-peak tariffs clearly can act as that price signal to prompt consumers to switch their power usage to non-peak periods and in turn take the heat out of the wider market. However, despite this, the QCA still proposes an increase to the price for tariffs 31 and 33. This decision will only act as a stronger disincentive to consumers taking steps to reduce their peak demand electricity usage.

It is also important to recognise the very clear potential for tariffs 31 and 33 to be utilised beyond their current application, should the government eventually remove the requirement for off-peak appliances to be hard-wired into a home's electrics. Such tariffs are well placed to be used in a variety of settings throughout a household and could include dishwashers, second televisions, free standing lights, outdoor pool lighting, power for tools and other portable appliances. Due to the potential savings offered now and in the coming years, it would be a step backwards to increase the price of such tariffs for consumers who have made the decision to save money and switch to off-peak usage.

ECA strongly believes that altering residential consumption patterns in order to better manage the load on Queensland's electricity network will only be achieved through the significant uptake of controlled load tariffs. Freezing off-peak tariffs 31 and 33 will act as an incentive to home owners to switch to off-peak power, which will cut demand at peak times and reduce the need for expensive infrastructure spending, in turn cutting costs for consumers.

Education is another key component in encouraging the public to switch to off-peak power usage. The ECA would see value in electricity distributors and government working together to educate the public on ways to alter their electricity consumption patterns. An example of the potential positive impact that such co-operation can have is evident in the water conservation efforts that occurred during the Queensland drought. The co-ordination undertaken between Urban Utilities and the Queensland Government succeeded in educating the public on the role they could play in combating water shortages. A similar approach by electricity distributors and the Queensland Government could reap rewards in encouraging the public to change their consumption patterns, specifically in relation to peak demand.

Another educational strategy that could reap genuine rewards is the release of consumption data from other states and territories as a comparative tool for Queensland consumers. For example, if a consumer in Queensland could see the daily electricity usage of an equivalent household in Victoria, they may be better placed to understand the potential for savings in their own home and the benefits that may be realised through the use of alternative tariff options.

Overall, we submit that tariff pricings which reflect the importance of controlled load tariff options, accompanied by a comprehensive and targeted education campaign, will go a long way towards easing the peak load pressures on Queensland's electrical infrastructure.

Yours sincerely,

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Stephen King
State Manager - Queensland