

Draft Decision: Business electricity prices from 1 July 2014

The Queensland Competition Authority (QCA) has released its draft decision explaining the electricity prices which we expect will apply from 1 July 2014.

The final decision, due by 31 May 2014, will set regulated electricity prices.

Most small businesses in Queensland on a regulated tariff buy electricity under one of two regulated tariffs (tariffs 20 and 22).

Large business customers in south east Queensland do not have access to regulated tariffs: these customers must pay market contracts. However, in regional Queensland, large businesses can still use five regulated tariffs (tariffs 44–48).

In 2014–15, business tariffs are expected to rise by about 10% to 15% (if the carbon tax continues).

If the carbon tax is removed, prices for most customers are still likely to rise but at a much lower rate. The table below highlights the expected prices with and without the carbon tax for the main business tariffs (tariffs 47 and 48 are used by very few customers).

Price increases for business customers from 1 July 2014

| Retail tariff | Increase for customers with carbon tax (%) | Increase for customers without carbon tax (%) |
|-------------------------|--|---|
| Tariff 20 (flat rate) | 13.3% | 5.3% |
| Tariff 22 (time of use) | 13.0% | 2.7% |
| Tariff 44 | 14.6% | 3.4% |
| Tariff 45 | 11.4% | -0.8% |
| Tariff 46 | 9.8% | -4.1% |

The costs experienced by individual businesses will vary according to the tariff they use and their consumption.

Please see our carbon tax fact sheet for more information.

Changes to tariff charges

The proposed tariff 20 and 22 increases in 2014–15 include changes to service and usage charges.

Tariff 20 has two charges:

- A service charge – a daily connection charge.
- A usage charge – a charge for electricity consumed.

Tariff 22 has three charges:

- A service charge – a daily connection charge
- A peak usage charge – a charge for electricity used between 7am and 9pm Monday to Friday.
- An off-peak usage charge – a charge for electricity used at all other times.

The daily service charge is intended to cover the fixed retail and network costs of serving each customer. The usage charge can be either a flat price for all electricity consumed by the customer or a 'time of use' charge which varies prices according to the demand on the electricity grid. Setting higher prices at times of peak demand encourages customers to shift discretionary use to less busy times.

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Charges for tariff 20 and tariff 22 for 2013–14 and 2014–15

| Tariff 20 | With carbon tax | | | Without carbon tax | |
|-------------------------|-----------------|---------|---------------|--------------------|---------------|
| | 2013–14 | 2014–15 | <i>Change</i> | 2014–15 | <i>Change</i> |
| Service charge (c/day) | 130.2 | 144.0 | 13.8 | 144.0 | 13.8 |
| Variable charge (c/kwh) | 23.2 | 26.6 | 3.4 | 24.0 | 0.8 |

| Tariff 22 | With carbon tax | | | Without carbon tax | |
|----------------------------------|-----------------|---------|---------------|--------------------|---------------|
| | 2013–14 | 2014–15 | <i>Change</i> | 2014–15 | <i>Change</i> |
| Service charge (c/day) | 130.2 | 144.0 | 13.8 | 144.0 | 13.8 |
| Peak variable charge (c/kwh) | 25.5 | 28.2 | 2.7 | 25.6 | 0.1 |
| Off-peak variable charge (c/kwh) | 18.7 | 21.8 | 3.1 | 19.2 | 0.5 |

GST exclusive

Businesses on other tariffs

Some businesses are on transitional tariffs (e.g. tariffs 21 and 37).

Information on these tariffs can be found in the fact sheet devoted to transitional tariffs.