

Queensland Competition Authority

2014–15 Draft Determination of Regulated Electricity Prices

Stakeholder Consultation

Today's workshop

QCA

- Retail prices for 2014-15
- Regional price regulation from 2015-16

Ergon Energy

- Network tariff review

Today's goal

- Encourage submissions to 2 reviews
 - close 28 February
- Explain our work to help inform your submissions

Background

- FRC introduced on 1 July 2007
- Retail price regulation retained
- Minister delegates pricing to the QCA
- 2014–15 is the 2nd year of a three year delegation period

Requirements of price setting approach

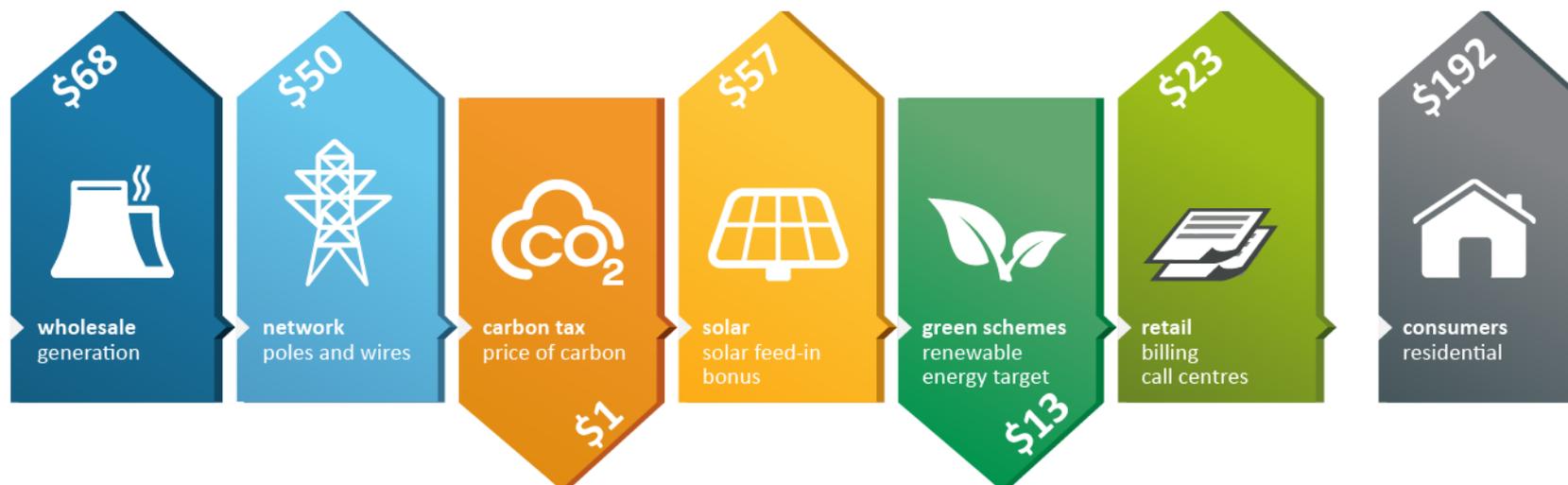
Electricity Act requirements

- Cost reflective
- Regard for competition
- Any other matter in Delegation from Minister

Minister's Delegation requirements

- Network(N) + Retail(R)
- Uniform tariff policy
- Consider transitional issues

Increase in a typical residential bill 2014–15



Percentage of the bill

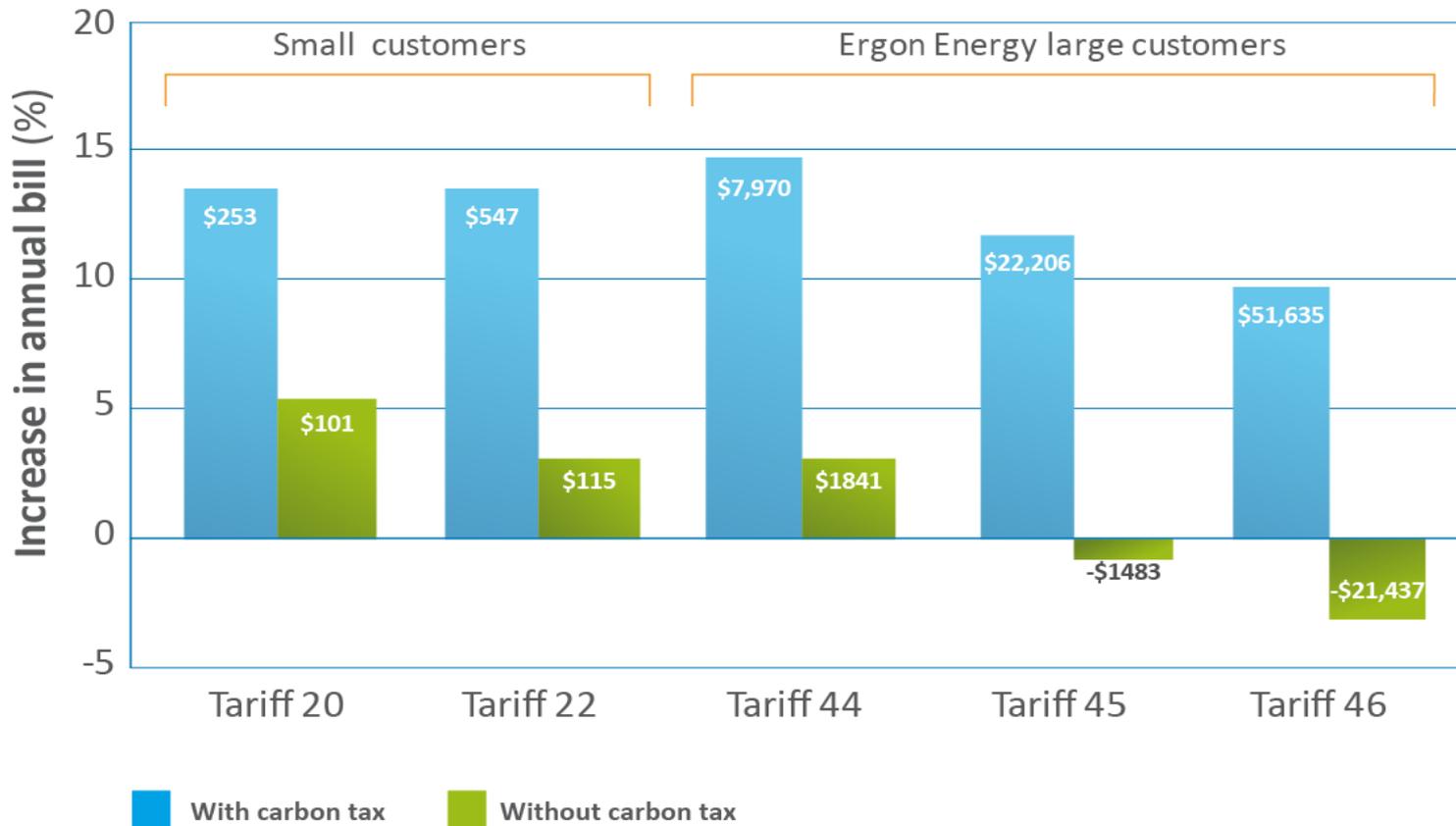


* Totals may not add due to rounding.
Does not show \$8 in additional costs –
rebalancing fixed and variable charges

Typical residential price changes 2014–15



Typical business price changes 2014–15



Transitional arrangements - background

- Initial 2012–13 review had 1 year transition period
- Submissions from stakeholders led to
 - 7 year transition from 2013-14
 - reopening of closed tariffs
- For 2013–14 government capped increases at 10%

Transitional arrangements – 2014-15

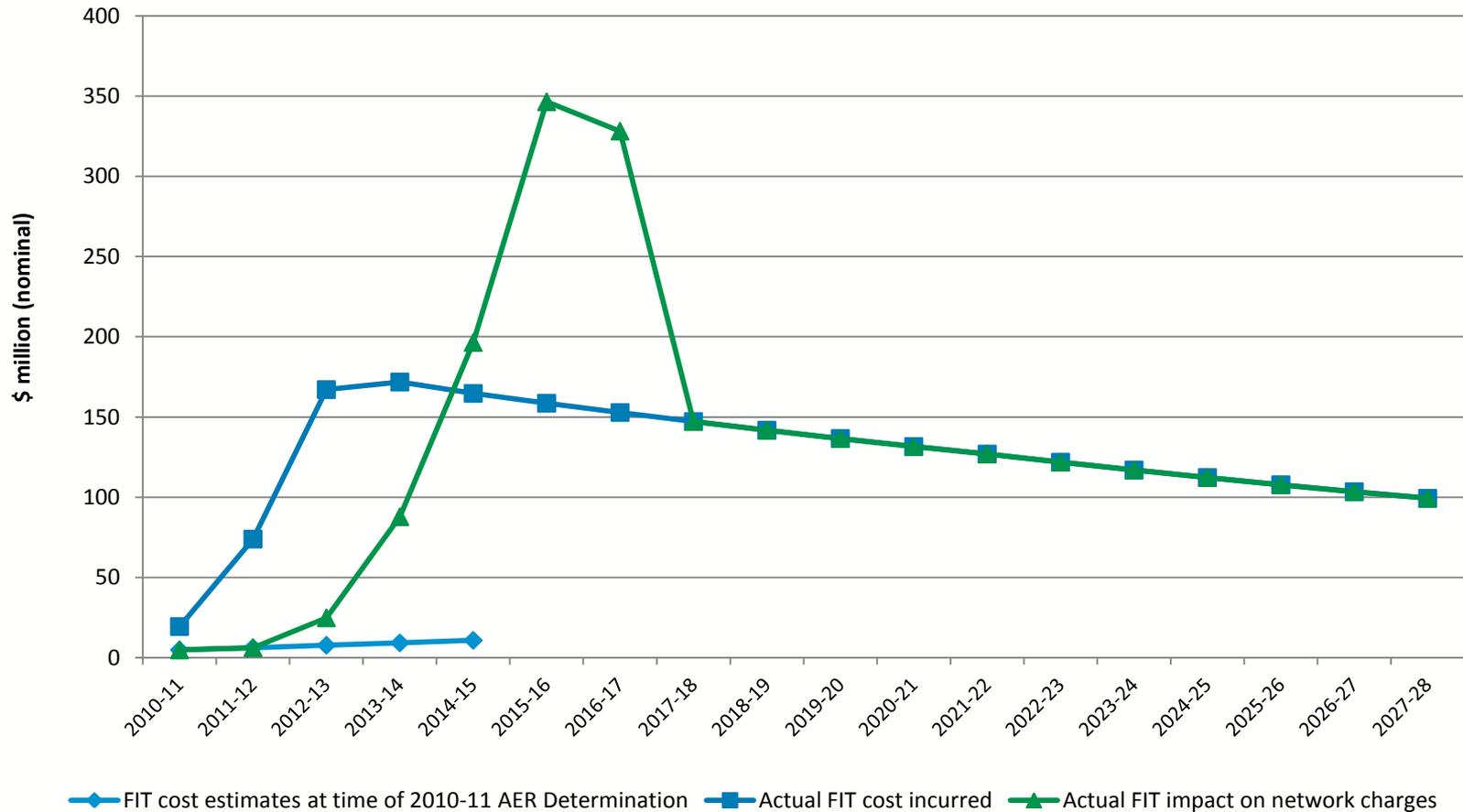
- Continue 7 year transition (i.e. to 2020)
- Prices will rise with costs to prevent subsidy blowing out
- Proposed increase of 16.3% for farming and irrigation tariffs
- If carbon tax is repealed, a floor increase of 10% proposed

Stakeholder issues

Queensland Competition Authority

Additional information

Feed-in tariff payments



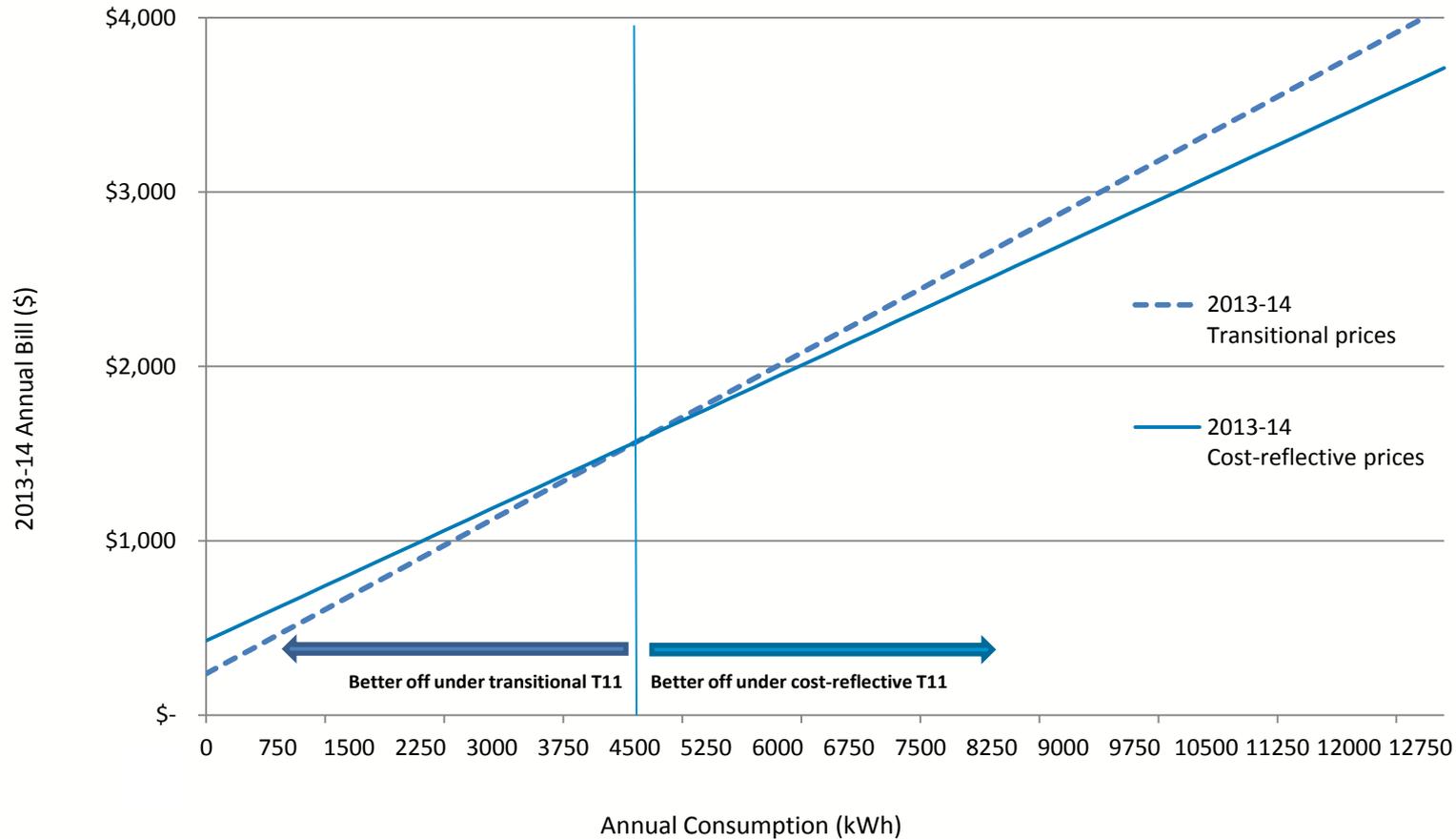
Tariff increases

Tariff	Carbon inclusive increase (%)	Carbon exclusive increase (%)
Tariff 21	19.5	10
Tariff 37	16.3	10
Tariff 62	16.3	10
Tariff 65	16.3	10
Tariff 66	16.3	10
Tariff 20 (large)	13.2	10
Tariff 22 (small & large)	15	10
Tariff 41 (large)	13.2	10
Tariff 43 (large)	13.2	10

Bill changes for tariff 11

Customer Type	Annual consumption (kWh)				Change from 2013-14 to Carbon Inclusive Annual Bill (\$/year)		Change from 2013-14 to Carbon Exclusive Annual Bill (\$/year)	
		2013-14 Annual Bill (\$/year)	2014-15 Carbon Inclusive Annual Bill (\$/year)	2014-15 Carbon Exclusive Bill (\$/year)	Typical change (\$)	Typical change (%)	Typical change (\$)	Typical change (%)
Mostly vacant holiday home	1,000	496	643	615	147.41	29.7%	119.11	24.0%
Frugal single person	2,200	849	1,013	951	164.54	19.4%	102.29	12.1%
Frugal couple; high-earner single person	3,070	1,104	1,281	1,194	176.96	16.0%	90.11	8.2%
Single parent one child; couple no children	4,091	1,405	1,596	1,480	191.55	13.6%	75.79	5.4%
Couple with one child; single parent two children;	5,112	1,705	1,911	1,766	206.13	12.1%	61.48	3.6%
Two parent, two child family	6,133	2,005	2,226	2,052	220.70	11.0%	47.17	2.4%
Two parents, two children, pool; two parents four children	8,490	2,698	2,952	2,712	254.35	9.4%	14.14	0.5%
Two parents, four children, pool; two parents six children	10,572	3,310	3,594	3,295	284.09	8.6%	-15.05	-0.5%

Annual bills: 2013–14 cost-reflective and transitional prices



Annual bills: 2014-15 cost-reflective and transitional prices

