

## FACTSHEET: Tariff 11. The main residential tariff

The main tariff for residential customers is Tariff 11. It is the regulated residential retail tariff for customers who are not on a market contract. In south east Queensland, 70 per cent of customers are not on Tariff 11, having chosen to accept market contracts with retailers.

Our main sheet explains how Tariff 11 prices are expected to change in 2013-14. This factsheet explains how the QCA proposes, over three years, to align Tariff 11 charges with the actual costs of supply.

If you are on Tariff 11, your bill is made up of two elements: fixed costs (access charges) and variable costs (how much you use).

Last year, the Queensland Government froze Tariff 11 at the 2011-12 prices (with the only increase coming from the introduction of the carbon tax). The freeze only applies for one year.

For 2013-14, the Authority is proposing a three-year transitional path to rebalance the fixed and variable components of Tariff 11 so both charges are cost-reflective by 1 July 2015. This rebalancing will ensure that all customers are paying their actual costs of supply.

At today's costs, the impact for a typical consumer are expected to be as shown below. The actual tariff in 2014-15 and 2015-16 will vary in response to future cost increases. The impact on individual customers will depend on how much electricity they use.

### Transitional Charges for Tariff 11 (based on constant 2013-14 costs<sup>1</sup>)

Tariff Component	Frozen 2012-13	Year 01 2013-14	Year 02 2014-15 (Indicative)	Year 03 2015-16 (Indicative)
Fixed charge <sup>2</sup> (cents/day)	26.170	46.958	67.746	88.534
Variable charge <sup>2</sup> (cents/kWh)	23.071	26.693	25.117	23.541
Annual Bill <sup>3,4</sup> (\$)	1,184	1,437	1,446	1,456

<sup>1</sup> The charges presented for 2014-15 and 2015-16 are indicative only as they are based on costs remaining constant at 2013-14 levels. These will change with changes in underlying costs.

<sup>2</sup> GST Exclusive.

<sup>3</sup> Based on Energex's estimate of the median residential customer of 4,250kWh per annum.

<sup>4</sup> GST Inclusive.

### Increases to Tariff 11 by consumption type

The typical household, consuming about 4,250kWh per annum, is expected to see an increase of 21% (or \$253) increase in their annual bill.

### Consumption Myths

Household consumption is not linked to household income, for example:

- Households with small consumption may well be a pensioner couple, but could also be a single white-collar professional living in the CBD.
- Households with high consumption could be a wealthy owner-occupier family or a large low income family renting an energy inefficient house.

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## Tariff 11: Transition from 2012-13 frozen tariff

Annual Consumption	Annual Bill		Typical Increase %	Make up of that user
	2012-13	2013-14		
1,000	\$356	\$480	34	Mostly vacant holiday home
2,200	\$663	\$830	26	Low user. Frugal aged person, single occupier with solar panels
3,000	\$885	\$1,100	23	Frugal elderly couple, high-earner single person
4,000	\$1,150	\$1,400	22	Single parent with one child. Couple no children
5,000	\$1,400	\$1,700	21	Couple with one child. Single parent two children
6,100	\$1,650	\$2,000	20	Two parents, two children family
8,500	\$2,260	\$2,700	19	Two parents, two children with pool. Two parents, four children
10,500	\$2,800	\$3,300	18	Two parents, four children with pool

*Note – Tariff 11 customers will typically also have some consumption under one of the off-peak tariffs (Tariff 31 or Tariff 33)*

### Why are bills increasing so much for low consumption customers?

Previously, the charges that made up Tariff 11 did not reflect the actual costs of providing the service. With fixed charges set too low and variable charges too high, customers with lower levels of consumption have not been covering the costs of supplying them.

Conversely, customers with higher consumption have been paying more than the cost of supply. This imbalance will need to change over the next three years to ensure the charges reflect the real costs of supply.

### What if you want to change tariff?

Most customers in south east Queensland have already chosen to take up market contracts, which usually offer lower rates than regulated tariffs. It makes sense for customers who can change from regulated tariffs to test the market.

Our price comparator can help customers compare electricity prices in Queensland. It's free to use and is available on our website [www.qca.org.au/electricity-retail/comparator/](http://www.qca.org.au/electricity-retail/comparator/)

### Struggling to pay 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 or call them on: 13 QGOV (13 74 68).