

Residential electricity prices from 1 July 2014 – updated 24 July 2014

The main regulated tariff for residential customers is tariff 11. Most customers (70%) in south east Queensland have switched from tariff 11 to a market contract.

Outside south east Queensland, almost all residential customers are supplied under tariff 11.

Many customers also use off-peak tariffs 31 and 33.

In May 2014, the QCA released its final decision on regulated retail electricity prices that will apply from 1 July 2014. Our overview fact sheet explains how tariff 11 prices will increase in 2014–15 now that the carbon tax no longer applies.

This fact sheet provides more details on the expected changes to tariffs 11, 31 and 33.

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

Tariff 11

A tariff 11 bill has two charges – a daily service charge and a usage charge. The daily service charge is intended to cover the fixed retail and network costs of supplying the customer. The usage charge covers the cost of the electricity used by the customer and variable network costs.

The table below shows tariff 11 service and usage charges in 2013–14 and 2014–15 for the typical residential customer. Our final decision included two sets

of prices, one assuming that the carbon tax continues and the other that the tax is repealed in 2014–15.

On 17 July 2014, the Commonwealth Government repealed the carbon tax with effect from 1 July 2014. The Queensland Minister for Energy and Water Supply then implemented the carbon exclusive prices we published in our final determination. These prices will be backdated so that they apply from 1 July 2014.

The most obvious change is the increase in the service charge. At 50 cents, the 2013–14 service charge was around half of the actual fixed cost per customer in 2013–14 (98.3 cents). With the service charge so low, the usage charge had to recover the majority of fixed costs and the full cost of the electricity consumed by the customer.

This imbalance between service and usage charges means customers with higher consumption are subsidising customers with lower consumption.

We are gradually rebalancing the two charges to ensure that customers pay their actual costs. Rebalancing reduces the subsidy received by lower use customers. It is important to note that removing the carbon tax has no effect on the fixed service charge – the carbon tax was a cost incurred by retailers based on the amount of electricity consumed, so it was included in the usage charge only.

As the table overleaf shows, lower use customers will see higher percentage increases in their bills.

By 1 July 2015, tariff 11 customers should be paying cost-reflective service and usage charges.

Tariff 11 service and usage charges (for typical residential customer)

Tariff component	Without carbon		
	2013–14	2014–15	Change %
Service charge (cents/day) ¹	50.22	83.41	66.1%
Usage charge (cents/kWh) ¹	26.73	25.38	-5.1%
Annual bill ²	1,407	1,480	5.1%

¹ GST exclusive

² GST inclusive. Based on a typical (median) customer consuming 4,100 kWh per year

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Increases to Tariff 11 by consumption levels

The typical household, consuming about 4,100kWh per annum, is likely to see an increase of 5.1% (\$72) in their 2014–15 annual bill now that the carbon tax has been removed.

We have assessed the likely impact of the tariff increases on four representative households.

Changes in annual bills for tariff 11 (by household type)

Type of household	Consumption (kilowatt hours)	Without carbon		
		2013–14 bill	2014–15	Change (%)
Single person	3,070	1,104	1,192	7.9%
Typical (median)	4,100	1,407	1,480	5.1%
Four person	6,133	2,005	2,047	2.1%
Six person	8,490	2,698	2,705	0.3%

Besides tariff 11, many residential customers also use off-peak tariffs 31 or 33 for heating water, pool pumps and other appliances. These tariffs do not have a service charge. Now that the carbon tax has been removed, tariff 31 charges will decrease and tariff 33 charges will increase by only 2.2%.

Charges for tariffs 31 and 33

Tariff	Without carbon		
	2013–14	2014–15	Change %
Tariff 31 (cents/kWh)	12.37	11.74	-5.1%
Tariff 33 (cents/kWh)	18.05	18.45	2.2%

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).