



CANEGROWERS ISIS

48 Churchill Street Childers 4660
PO Box 95 Childers 4660
Phone (07) 4126 1444 Fax (07) 4126 1902

13 May, 2015

Queensland Competition Authority
GPO Box 2257
BRISBANE Qld 4001

electricity@qca.org.au

Dear Sir/Madam

Re: Regulated Retails Electricity Prices for May 2015-16

CANEGROWERS Isis would like to propose that all annual reductions in network charges as a result of AER determinations should be passed through to all customers. This should include the annual return on debt recalculations with respect to RBA decisions.

At this point, I wish to restate CANEGROWERS Isis support for the retention of UTP for regional Queensland customers.

We welcome a decision not to base Ergon regional prices for small business customers on SEQ standing offer prices, as we believe they will be inflated due to the fact that these will only be taken up by customers who are not price sensitive. While this years decision does not include fully deregulated prices we believe that the next years determination could be based so, and we will comment further on an alternative pricing mechanism for regional customers prior to next years price path.

We believe the headroom allowance should be progressively reduced over the current price path to drive efficiencies in the competitive market. As it stands it is a subsidy to all retailers which is paid for by all electricity consumers across the state.

In light of the lack of competition in regional Queensland and due to geographical factors, fragmented market and lack of critical mass we believe it is unlikely that a deregulated environment for regional customers would ever deliver the same competitive advantages as can be expected in south east Queensland. Therefore, the headroom allowance is an unnecessary burden on regional electricity customers, and should be either progressively reduced or eliminated. This allowance results in perverse outcomes which are against competitive principals, so wherever possible this 5% allowance should be discontinued for non-market customers.

We thank you for the opportunity to comment and look forward to any further consultations.

Yours Faithfully

Ian Putt
ACTING MANAGER

