Queensland Competition Authority

FACT SHEET - 2017-18 regulated electricity prices for regional Queensland customers on transitional and obsolete tariffs

Why is the QCA setting prices?

The Minister for Energy, Biofuels and Water Supply, the Hon Mark Bailey MP, has delegated the task of setting regulated prices to the QCA.

Why has the QCA released a second determination for regulated prices for 2017–18?

Following the release of the previous final determination on 31 May 3017, the Queensland Government directed Energy Queensland to remove charges for the Solar Bonus Scheme from network prices. The Minister then issued the QCA with a new delegation, so that the QCA could incorporate the revised network tariffs into regulated prices for 2017–18. The regulated prices published on 16 June 2017 replace those published on 31 May 2017.

What are transitional and obsolete tariffs?

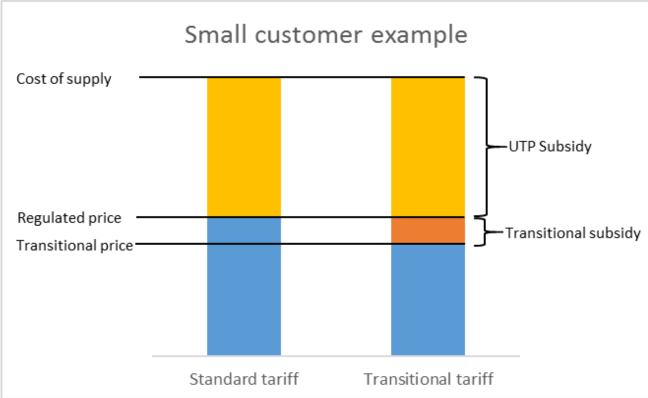
Some business customers, including farmers and irrigators, are supplied under transitional or obsolete tariffs (20 (large), 21, 22 (small and large), 37, 62, 65 and 66). These are legacy retail tariffs which do not reflect the costs of supply faced by retailers. These tariffs are being retained until 2020 to allow customers to adapt their business operations to standard tariffs, which better reflect the costs of supply. For some customers on legacy tariffs, particularly those with high usage levels, their electricity costs are subsidised to a greater extent than other regional business customers.

How does the QCA set prices for these tariffs?

Each year the QCA adjusts transitional and obsolete tariffs to keep them in line with changes to standard business tariffs, as well as limiting them from falling further below cost in dollar terms.

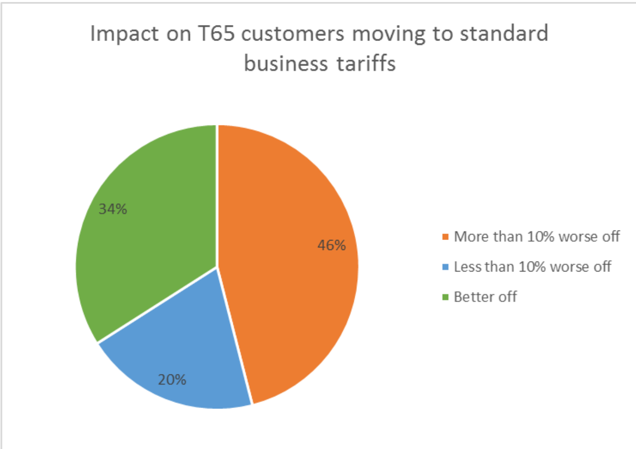
Electricity costs have increased in recent years. Does the QCA take into account affordability when setting prices?

We set prices in accordance with the Queensland Government's Uniform Tariff Policy, which means most regional customers pay significantly less for electricity than it costs to supply. The Queensland Government subsidises electricity prices to make them more affordable. This subsidy costs taxpayers over $500m each year. We also allow regional customers to access legacy transitional and legacy obsolete tariffs.



How do I save on my electricity bills?

Many customers on transitional tariffs can save money simply by switching to standard business tariffs and continuing to operate their business as usual. As you can see below a significant proportion of tariff 65 customers can save money immediately by switching. You should contact your retailer to find out if you can save.



How will my bill change in 2017–18?

The impact of 2017–18 regulated prices will depend on the tariff you are on, as well as your electricity consumption.

Based on the final determination, irrigation tariffs 62, 65 and 66 will increase by 4.5 to 5.1 per cent, tariff 21 by 5.1 per cent and tariffs 20 (large), 22 (small and large) and 37 by 7.6 per cent.

Why have electricity prices increased from 2017–18?

The key drivers of changes to regulated electricity prices between 2016–17 and 2017–18 are energy costs and network costs.

Wholesale energy costs are expected to increase significantly. This is primarily because of the tightening supply-demand balance within the NEM, which has been caused by:

- increased demand from in-field gas compression associated with LNG export facilities in Queensland
- the closure of Hazelwood Power Station in 2017 and the continued operation of the Portland aluminium smelter in Victoria
- little new renewable energy capacity entering the market in 2017–18—particularly in Queensland.

Network costs have fallen considerably, aided by the removal of the Solar Bonus Scheme from network charges. However, the decrease has not been enough to offset the large increase in energy costs.

For more information on how energy costs have changed, please refer to our energy cost fact sheet on our website www.qca.org.au.