

Regulated electricity prices for regional Queensland customers on transitional and obsolete tariffs for 2018–19 — draft determination

Why is the QCA setting prices?

The Minister for Natural Resources, Mines and Energy, the Hon Dr Anthony Lynham MP, has delegated the task of setting prices to the QCA.

What are transitional and obsolete tariffs?

Some business customers, including farmers and irrigators, are supplied under transitional or obsolete tariffs (i.e. tariffs 20 (large), 21, 22 (small and large), 37, 47, 48, 62, 65 and 66). These are legacy retail tariffs, which do not reflect the costs of supply faced by retailers. The majority of these tariffs are being retained until 2020 (tariffs 47 and 48 are being retained until 2022) 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 are transitional and obsolete tariff prices expected to change in 2018–19?

Based on the latest forecasts, the QCA's draft determination is to freeze all transitional and obsolete tariffs at their 2017–18 levels.

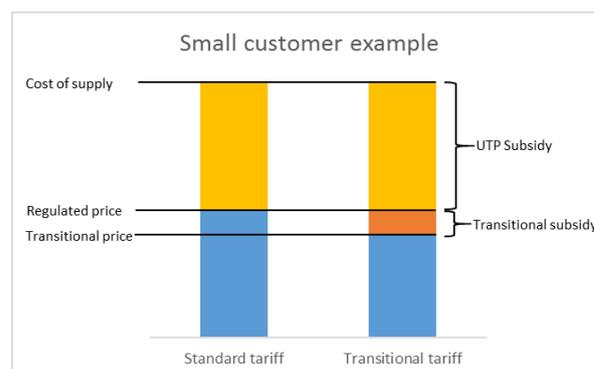
How does the QCA's draft determination affect my business?

The draft pricing determination does not affect any electricity bills. The draft determination is released to get feedback on how we plan to calculate prices for 2018–19. While it provides indicative price estimates, these are based on information available at the time, and these prices will be updated for the final determination based on updated data and feedback from stakeholders.

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 them. The Queensland

Government subsidises electricity prices to make them more affordable. This subsidy costs taxpayers over \$400m each year. We also allow regional customers to access legacy transitional and legacy obsolete tariffs.



How do I save on my electricity bills?

Analysis from Ergon Retail shows that many customers on transitional tariffs can save money simply by switching to standard business tariffs and continuing to operate their business as usual. You should contact your retailer to find out if you can save.

What happens to customers on transitional and obsolete tariffs in 2020?

In 2020, any customers still on tariffs 20 (large), 21, 22 (small and large), 37, 62, 65 and 66 will be moved to a standard business tariff that best reflects their consumption profile. As some customers will face significant bill impacts moving from transitional tariffs to standard business tariffs, it is recommended that transitional customers start making plans before 2020.

Where can I find more information or make a submission?

You can find out more and/or make a submission on our website: www.qca.org.au