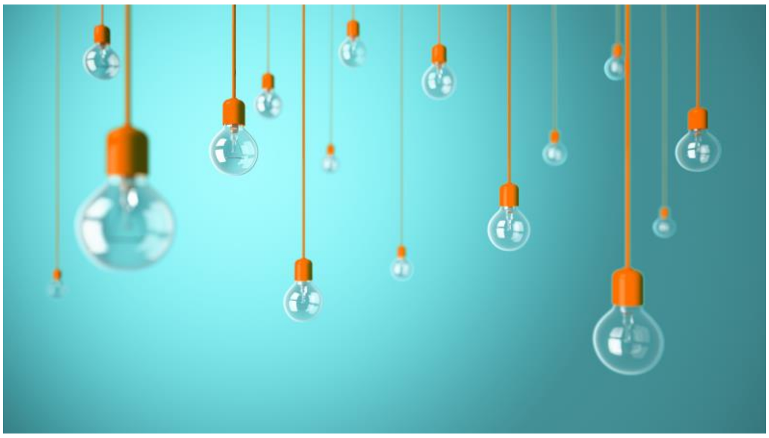
QCOSS
Queensland Council of Social Service

Regulated Retail Electricity Prices 2018-19

Submission to Queensland Competition Authority Draft Determination



9 April 2018

About QCOSS

The Queensland Council of Social Service (QCOSS) is the state-wide peak body representing the interests of individuals experiencing or at risk of experiencing poverty and disadvantage, and organisations working in the social and community service sector.

For nearly 60 years, QCOSS has been a leading force for social change to build social and economic wellbeing for all. With members across the state, QCOSS supports a strong community service sector.

QCOSS, together with our members continues to play a crucial lobbying and advocacy role in a broad number of areas including:

- sector capacity building and support
- homelessness and housing issues
- early intervention and prevention
- cost of living pressures including low income energy concessions and improved consumer protections in the electricity, gas and water markets

QCOSS is part of the national network of Councils of Social Service lending support and gaining essential insight to national and other state issues.

QCOSS is supported by the vice-regal patronage of His Excellency the Honourable Paul de Jersey AC**,** Governor of Queensland**.**

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1. Introduction

1.1. Background

QCOSS thanks the Queensland Competition Authority (QCA) for the opportunity to comment on the Draft Determination on Regulated Retail Electricity Prices for 2018-19.

As stated in Chapter 1 of the Draft Determination, the QCA has received a delegation under the *Electricity Act 1994* (Qld) from the Queensland Minister for Natural Resources, Mines and Energy (the Minister) to determine regulated retail electricity prices (notified prices). The notified prices will apply to small standard retail contract customers and large standard contract customers in the Ergon Energy Corporation Limited distribution area from 1 July 2018 to 30 June 2019.

1.2. Summary of key points

QCOSS welcomes the QCA's draft determination that results in a 2.3 per cent bill reduction for a typical household. However, we note with concern that the decrease will be significantly less for typical customers on a combination of tariff 11, and controlled load tariff 31 or 33.

This submission focuses on issues of most concern to vulnerable customers.

- That regulated prices for regional residential customers continue to be based on the differential between the standing offer and market offer prices for customers in South East Queensland (SEQ). In our view, notified prices in regional Queensland should be based on the efficient costs of supply in SEQ. In addition, we question the rationale for the statement about standing offers providing significant additional value to consumers and would like to explore this further.
- In any event, we question the extent to which a typical customer on a standing offer in SEQ should be used to represent typical customers in regional Queensland. We note that QCA has been directed to set notified prices on this basis.

QCOSS also remains concerned about the annual indexation of retail costs, and has raised some new concerns about metering costs and the trial of tariff 15. Additionally, we note that competition has been identified as a consideration in the setting of notified prices. QCOSS does not agree that competition is an important consideration when setting regulated electricity prices in regional Queensland. This pricing approach is not an effective way to promote retail competition in regional Queensland.

1.3. Context in regional Queensland

Notified prices only apply in regional Queensland. Retail price regulation in SEQ was removed on 1 July 2016. The outcome of the QCA's determination has implications for economic development in the regions and social and economic outcomes for households in regional, rural and remote parts of the state.

Regional Queensland households are among the most vulnerable to impacts of declining energy affordability. On average, people in regional Queensland experience greater socio-economic disadvantage compared to SEQ.[1] A comparison of the index of relative socio-economic disadvantage in 2011 shows that the greater Brisbane area had 16.2 per cent of people in the most disadvantaged quintile (lowest quintile), while the rest of Queensland had 23.5 per cent[2].

Some parts of regional Queensland have much higher unemployment rates than in SEQ. In February 2018, the unemployment rate for the Brisbane South East was 6.0 per cent[3] and 6.1 per cent for Queensland[4]. There are some regional areas where unemployment is now especially high, including Townsville (8.3 per cent), Wide Bay (8.9 per cent), as well as 13.6 per cent in Outback Queensland[5].

Such relative differences manifest in lower median total personal income in regional Queensland than in the greater Brisbane area. In 2016, the weekly income for greater Brisbane was $703 per person[6] while it was $664 for Central Queensland and $648 in Outback Queensland[7]. The relative lower income that people in regional Queensland experience is compounded by the higher cost of living in many regional locations, and less access to services and supports.

Affordable electricity is essential for a robust regional economy and for social and economic wellbeing for individuals and families. It is critically important that electricity prices for regional customers are minimised to the greatest extent possible in 2018-19.

2. Pricing approach

QCOSS is pleased that "*The Government remains committed to ensuring regional customers have access to reliable electricity supply at affordable prices*."

QCOSS agrees with the QCA that notified prices for residential and small business customers should continue to be based on the efficient costs of supply in SEQ, rather than the costs of supply in regional Queensland. However, we don't agree that a differential between standing and market offers prices in SEQ should be used to set regional prices. This approach does not reflect efficient costs of supply. Going forward there is need for review of the current pricing approach and whether or not the setting of notified prices in regional Queensland should be based on standing offer prices in SEQ. As set out below there is a need to further explore and better understand the benefits and characteristics of standing offers and their role in setting notified prices in regional Queensland.

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1 Queensland Government Statistician's Office (2016), *Queensland Regional Profiles: Resident Profile Greater Brisbane compared with rest of Queensland.*

2 Please note these are the latest socio-economic disadvantage figures at the time of writing. The 2016 figures will be released later in 2018.

3 Labour Market Information Portal, 2018, Unemployment Rate Time Series: Brisbane South East, http://lmip.gov.au/default.aspx?LMIP/EmploymentRegion/QLD/BrisbaneSouthEast/UnemploymentRateTimeSeries.

4 Australian Bureau of Statistics, 2018, 6202.0 - Labour Force, Australia, Feb 2018, http://www.abs.gov.au/AUSSTATS/abs@.nsf/DetailsPage/6202.0Feb%202018?OpenDocument.

5 Queensland Government Statistician's Office, 2018, Regional labour force brief, February 2018, http://www.qgso.qld.gov.au/products/reports/reg-labour-force/reg-labour-force-brief-201802.php.

6 Australian Bureau of Statistics, 2018, 2016 Census QuickStats: Greater Brisbane, http://www.censusdata.abs.gov.au/census_services/getproduct/census/2016/quickstat/3GBRI?opendocument.

7 Australian Bureau of Statistics, 2018, 2016 Census QuickStats: Queensland – Outback, http://www.censusdata.abs.gov.au/census_services/getproduct/census/2016/quickstat/315?opendocument.

In contrast to the retail competition in SEQ, in regional Queensland customers rely on the setting of notified prices to enable them to have access to reliable electricity supply at affordable prices. The setting of notified prices for residential and small business customers in regional Queensland is not an effective way to promote retail competition and should not be a relevant consideration when setting regulated retail electricity prices in regional Queensland.

Efficient cost of supply

As we stated in our submission to the Interim Consultation Paper, there is considerable evidence emerging from other National Energy Market (NEM) jurisdictions[8] that the standing offer prices no longer reflect efficient costs of supply. Further, retailers in SEQ compete primarily on the basis of market offers, not standing offers. We support the Queensland Consumer Association's submission in respect to the standing offer differential. We agree that many SEQ consumers on standing offers are less price-sensitive and more loyal to their existing retailer than are market contract consumers and this is likely to be reflected in standing offer prices. Also, since standing offer prices are used by many retailers as the base from which discounts are offered for market contracts, there is an incentive for retailers to set the highest possible standing offer prices in order to be able to advertise high percentage discounts and other incentives.

Standing offers and market offers

We also have concerns about the view in the Minister's cover letter to the delegation that a standing offer contract provides additional value for consumers compared to a market offer.

The QCA stated that it regards the more favourable terms and conditions associated with standing offers compared to market offers as something that provides some level of value to customers.

A simple comparison of market offer and standing offer contract terms and conditions brings into question the extent to which there is a measurable benefit to standing offers over market offers. For example:

- **Changes to tariffs and charges:** While standing offer prices can be varied only once every six months, market offer prices are subject to change at any time (subject to notice requirements of ten days for price change and 20 days for benefit change). Although market offer prices can be varied more frequently than standing offer prices, in practice they are not.
- **Late payment fees:** In Queensland there are no late fees on standing offers and they are capped at $12 for market offers.
- **Charges for paper bills:** Market offers may attract a charge for paper bills of around $1.75 (including GST) for each bill. If the bills are quarterly, the charge amounts to $7 per year. Standing offers typically do not attract charges for paper bills.
- **Charges for payment at Australia Post:** Our research shows that market offers may attract a charge of around $2.00 for each bill paid at Australia Post. If the bills are quarterly, the charge amounts to $10 per year. Standing offers typically do not attract charges for payments at Australia Post.
- **Exit fees:** these are capped at $20 for market offers, noting that in practice some retailers (and especially the larger ones) do not charge them. There are no exit fees for standing offers.

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8 For example, research undertaken by the ACCC, the Essential Services Commission Victoria, the AEMC, the Grattan Institute and the Victorian Government all highlight large margins being enjoyed by electricity retailers in various jurisdictions who are serving customers on standing offers that are priced well above market offers.

Standing offer customers in SEQ

It is also questionable to what extent standing offer customers in SEQ are representative of customers in regional Queensland. In SEQ, customers are increasingly moving from standing offers to market offers. Those residential and small business customers in SEQ who are still on standing offers typically fall into one of the following categories:

1. The customer has never taken up a market offer in the 11 years since retail competition was extended to all customers. These customers are showing considerable inertia and resistant to change. They have not been swayed by the marketing all around SEQ that entices them to switch to a market contract to save money. They may be price inelastic, or they may be in hardship and have some barrier to switching such as medical issues or lack of proficiency or lack of confidence in decision making that prohibits them from participating in the competitive market. Setting standing offer prices higher than the efficient cost of supply gives the incumbent retailer a pseudo-monopoly rent to benefit from these customers' inertia. Allowing retailers in the Ergon Energy distribution area to collect that rent is inappropriate – customers there have no effective choice of retailer so it is real monopoly rent, not pseudo-monopoly rent.
2. A customer in SEQ may fall back onto a standing offer if they do not enter a new market contract when their existing market contract ends. This is not relevant to regional Queensland where customers do not have access to competitive market offers.
3. A customer in SEQ may specifically ask a retailer for a standing offer rather than a market offer, even though they have market offers available to them. In regional Queensland, customers cannot choose between a competitive market offer and a standing offer.
4. A customer may move into premises where the electricity is already connected and not immediately contact a retailer. In those cases, the customer will be on a standing offer until they regularise their contractual position by contacting a retailer and moving to a market offer. This bears no relation to pricing in regional Queensland where notified prices apply to all customers, whose identity is known to their retailer in the majority of cases.
5. A customer may be transferred to a retailer of last resort if their existing retailer fails before transferring its customers to another retailer. This is not relevant to the setting of notified prices in regional Queensland.

The standing offer customers in SEQ bear no resemblance to customers on notified prices in regional Queensland. The customers in regional Queensland on notified prices have no choice of retailer, cannot choose between standing offer and market contracts, and are known to their retailer.

We understand that for 2018-19 the Minister has asked that the Government considers that regulated prices for small customers in regional Queensland should continue to broadly reflect the expected prices for small customers on standing offers in SEQ, and that as such the QCA should maintain the standing offer adjustment for 2018-19 at the same level as it is for 2017-18.

As per the draft determination, QCOSS understands that the QCA will likely follow the Minister's recommendation to set the prices for 2018-19 through adding a standing offer adjustment at the same level as previously.

However, it is QCOSS' strong view that this will not be appropriate for future years. QCOSS recommends that in future delegations the Minister ask the QCA to consider other ways in which notified prices could be set for residential customers in regional Queensland that are based on the efficient cost of supply in SEQ rather than the standing offer pricing in SEQ.

3. Network costs

QCOSS agrees that in determining the network cost components of the notified price, network charges should be set at Energex cost levels.

For the 2017-18 price determination, the QCA used Energex's network tariff structures as the basis for setting flat rate retail tariffs for residential, small business and unmetered supply (excluding street lighting) customers, as those structures reflected the costs of supply in SEQ. The QCA used Ergon Distribution's network tariff structures as the basis for setting time-of-use and time-of-use demand retail tariffs for residential and small business customers, but adjusted them to reflect Energex cost levels to maintain consistency with the UTP.

The current Ergon Energy network tariffs for small customers on flat rate retail tariffs (including Tariff 11) are inclining block tariffs. However, because of the UTP, these inclining block network tariffs do not feed into, or in any way affect, the structure of the retail tariffs, which remain flat.

Ergon Distribution has acknowledged that its inclining block network tariffs will, over time, need to be phased out in favour of more cost-reflective network tariffs that better satisfy the pricing principles in the National Electricity Rules (NER). This suggests that there may be some uncertainty about the future of these network tariff structures. QCOSS agrees with QCA that it would be preferable to have more certainty about the future of Ergon Distribution network tariff structures before making any major changes that would affect nearly all customers in regional Queensland.

QCOSS supports the QCA's use of the existing Energex tariff structure for Tariff 11 for 2018-19 prices.

Using the Ergon network for existing or future tariff structure would constitute a major change of tariff structure and would be very confusing for customers. As QCOSS has stated to the QCA in previous submissions, any changes to the structure of Tariff 11 should be accompanied by an education and public awareness campaign. The need for proactive public communication of changes in tariff structure has been highlighted by the negative customer response to the transition of Tariff 11 in SEQ to 'cost reflectivity'. This was undertaken with no public awareness or education, and has had significant financial impacts on many households.

4. Energy costs

QCOSS supports the QCA's estimation of energy costs for 2018-19 being based on the application of the same methodology that was used in 2017-18.

The methodology for estimation of energy costs is based on a complex model of contracting and hedging and settlement against expected future spot prices. We would be very concerned about the effects on small electricity consumers in SEQ if the QCA's Final Determination were to result in much higher price increases for 2018-19 than those that were announced in the QCA's Draft Determination.

While not an issue for the QCA in this process, QCOSS considers it essential that the Queensland Government prioritise measures to address the issues resulting from any price increases in the wholesale market.

5. Retail costs

5.1. Indexing of retail costs from year to year

In the 2016-17 price determination process, the QCA conducted a comprehensive review of the retail cost components of retail tariffs. As part of that review, the QCA engaged ACIL Allen to provide advice on efficient retail costs. ACIL Allen used a combination of bottom-up and benchmarking methods to estimate retail costs for residential and small business customers, informed by analysis of publicly available data, observed market offers, and detailed confidential information provided by retailers.

In our submissions to the Interim Consultation Paper and Draft Determination for notified pricing in 2017-18, QCOSS accepted that the retail cost allowances used for setting notified prices for 2016-17 are an appropriate starting point for setting notified prices for 2017-18. We agreed with the QCA's view that the retail cost allowances used for setting notified prices for 2016-17 were an appropriate starting point for setting notified prices for 2017-18, and there was no need to redo the calculations from 2016-17 for 2017-18.

However, this was premised on the basis that the retail costs from 2016-17 should not be indexed unless there is evidence that they have actually increased. We do not believe there should be an automatic assumption that costs increase year-on-year by CPI. Instead we proposed in our submissions that retail costs might suitably be indexed downwards to reflect increased efficiencies.

The QCA did not accept our argument that costs should not be indexed upwards unless there is evidence that costs have increased. Instead, the QCA chose to argue that costs should be indexed upwards each year, unless stakeholders could provide compelling evidence that costs had fallen in real terms.

We provided evidence that the major retailers are becoming more efficient and as a result, costs are falling.[9] QCOSS expected that this trend would continue and that retail operating costs would continue to fall. QCOSS had hoped that the QCA would reflect this trend in its determination of notified prices.

However, this evidence was not accepted by the QCA. Yet, the QCA did not provide any evidence of its own that actual costs had risen in line with inflation. The QCA concluded in its Final Determination for 2017-18:

> As the QCA has no compelling evidence that actual costs have fallen in real terms for retailers in the electricity market, for either residential or small business customers we consider reducing retail cost allowances in real terms would likely result in notified prices below levels that would be consistent with the UTP.

In our submission to this year's Interim Consultation Paper, we noted comments from the Queensland Consumers Association that the underlying retail cost structures are changing as more and more customers are opting for e-billing, direct debit and accessing information from website or via online chat. In addition, retailers are now facilitating switching to online services. These new practices are likely to lower retail costs, and these savings should be reflected in the retail allowances.

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9 Our sources were retailers' financial reports and investor presentations. See the QCOSS submission to the QCA on the draft determination of regulated retail electricity prices 2017-18, section 5.1, 3 April 2017, available on the QCA and QCOSS websites

In its Draft Determination for 2018-19, the QCA noted that consumer groups had not established that these efficiencies would be gained precisely in the year 2018-19 rather than in previous years. It is not for consumer groups to provide evidence of retailers' costs; that is the role of QCA in its annual determinations. The only way that these efficiencies can be captured is for QCA to redo the calculation of retail costs each year. It is not sufficient to rely on previous years' calculations and index them, because that will continue to fail to recognise efficiencies and will continue year after year to result in notified prices above levels that would be consistent with the UTP.

5.2. Metering costs

QCOSS understands that in previous determinations, the QCA was unable to consider metering charges as part of notified prices. This was because the regulated metering charges that Ergon Distribution charged to Ergon Retail were classified as distribution non-network charges, and section 90(3) of the *Electricity Act* states that a price determination cannot be made for distribution non-network charges.

For this reason, 2017-18 retail cost allowances excluded metering costs. However, the Australian Energy Market Commission (AEMC) has introduced a rule change to promote greater competition in metering, and facilitate a market-led deployment of advanced meters. This rule change is part of the 'Power of Choice' reforms initiated by the COAG Energy Council.

Under these reforms, all new and replacement meters must be advanced digital meters. Retailers must appoint a metering coordinator who arranges meter installation, maintenance and reading on behalf of the retailer. The change means that metering charges imposed by a metering coordinator are not distribution non-network charges and, as a result, should be considered in setting notified prices.

QCOSS welcomes the inclusion of metering charges in notified prices, to offer transparency on how these charges are applied to consumers' bills.

QCOSS also supports the estimation of metering costs being based on those in the Energex area.

However, QCOSS does not support the QCA's approach to setting the metering charges, as they do not meet the intent of the advanced metering policy. In addition, we question if it is a reasonable and fair approach, and we contend that it is likely to act as a barrier to the uptake of advanced metering.

QCOSS notes that retailers did not provide information on the value of cost savings and efficiency gains from advanced digital meters. That being the case, it would be incumbent on the QCA to estimate those cost savings and efficiency gains as they will manifest over time.[10] An estimate of zero, which is the estimate that the QCA has apparently made, would not appear to be reasonable. The metering reforms are aimed at reducing costs to consumers in the long term. While we accept that some costs will be incurred before all benefits are realised, passing on all costs to consumers without any associated benefits just because it is an early stage of the advanced meter roll out does not meet the intent of the policy reforms, which were intended to benefit customers.

10 A report into the roll out of smart meters in the UK estimated that there was GBP 11 billion in efficiencies for industry. These efficiencies were from "avoided site visits for manual meter reads, a more streamlined transfer process when consumers switch suppliers, reduced call centre traffic and improved debt management". See House of Commons Energy and Climate Change Select Committee (2013) Smart Meter Roll Out.

QCOSS is concerned that QCA is proposing to levy additional metering costs on all customers with digital meters, including those who got a meter simply because of the rule change that all new and replacement meters are digital meters. We accept that customers who choose a digital meter should pay the costs associated with their choice, provided that they understood up-front what the costs would be and were able to make an informed decision on that basis. However, we do not accept that customers who get an advanced meter through no cause of their own – i.e. simply because their old meter needed replacement through age or because it was faulty – should pay additional costs. It is unfair to expect households to pay a charge up to three times the regular charge for something they did not request. In addition, it is grossly unfair for customers where there is no appropriate communications infrastructure to be charged more for their advanced meter which will continue to be manually read. QCOSS is aware from its work on Energy Savvy Families Project that there are a significant number of areas in regional Queensland where there is no 3G coverage, and many of these are in rural areas outside of the urban centres.

The roll out of advanced meters is a modernisation infrastructure program which will facilitate the provision of more accurate bills and up-to-date energy usage information. This information should help consumers to gain a better understanding of their energy use, budget more effectively and reduce their energy consumption and costs. For such benefits to manifest, consumer acceptance of and engagement with advanced metering is crucial to the success of the roll-out. It will not be conducive to the uptake of advanced meters if there is an additional charge three times the cost of a traditional meter.

All past and present digital meter roll-outs of which we are aware have adopted the same principle – that a customer with a digital meter should pay no more than a customer without a digital meter – provided the customer did not specifically request the meter. This has been the case in Victoria, New Zealand, UK and Ireland.

As a first solution, we would favour that the consumers with an advanced meter are not charged any additional charge over what they are currently paying in metering services charges. However, it is acknowledged that in the early stages of the roll-out retailers will face additional net costs associated with installing the meters before cost savings and efficiencies manifest. As a second best solution we propose that those metering costs (less an estimate of the value of the cost savings and efficiency gains) incurred by the retailer should be smoothed out across all customers and not just customers with advanced meters. Going forward, the QCA should be tasked with monitoring these costs and ensuring that cost savings and efficiency gains are passed on to customers.

6. Other issues

6.1. Trial tariff T15

QCOSS is concerned about the structure and detail of the proposed trial tariff T15. In our submission to the Interim Consultation Paper we supported trials in principle as an approach to the development of fair and equitable tariffs, but we could not support the introduction of a voluntary trial tariff without knowing what the structure would be.

Now that we know the proposed tariff structure, we have concerns. It is a complicated tariff which will be difficult for consumers to understand, noting that one of the Principles of the AEMC (Schedule 1, Clause 6.10.5) is that networks must demonstrate that consumers understand the cost reflective tariffs. Further, we question why the QCA has been asked to put into notified prices such a complex tariff. The trial is being established before the policy development, consultation and analysis has been carried out on the Ergon (and Energex) proposed tariffs for the 2020-2025 Tariff Structure Statement (TSS).

We note QCA's own caution:

> … we caution consumers about the risk of 'trialling' any tariff without having a clear understanding of both how the cost components of the tariff work, and of consumers' individual exposure to increased costs. We note the risk of household consumption being above the Premium Summer Window (PSW) band limit they choose, and suggest that consumers inform themselves about their average and maximum consumption during the PSW, and think carefully about how flexible they can be when using electricity to make sure they stay within the limit of their PSW band, before committing to a trial.

We add to that caution that consumers do not have the wherewithal to inform themselves of those factors that QCA highlights. The 4pm to 9pm PSW is very long, and is likely to be difficult for at least some customers (particularly vulnerable customers) to avoid. There is also the likelihood of bill shock as summer bills would be larger and this will be challenging for low income customers.

As shown in Table 3 of the Draft Determination, only a limited set of customers will be better off from adopting T15. Low usage customers will be particularly worse off. The Table suggests that low usage customers could be up to 47 per cent worse off from adopting T15 compared to staying on T11. The best savings that customers might achieve from T15 would be 14per cent. For an individual customer, Table 3 might suggest that the potential gains from the tariff would not be sufficient to offset the significant risks.

We also question the economic appropriateness of the tariff as designed. The PSW applies all days of the week during summer, including weekends and public holidays, when overall system load should not be peaking. Further, there are some parts of the Ergon Energy Distribution Area which are winter peaking, so the appropriateness of T15 in these areas is also questionable.

We reiterate our comments in our previous submission to the Interim Consultation Paper. At a minimum, supporting technology and alerts will be necessary to support customers on T15. That may not be sufficient. Therefore, we suggest that the trial should be constructed so that participants should not be worse off, and should be compensated for any detriment. This includes compensation for any new meter costs that may have to be paid upfront due to a tariff change. We also stated that to avoid bias, trials must include a broad cross-section of the community, rather than just early adopters.

6.2. Essential Energy area customers

As noted in the draft determination, customers in Essential Energy's distribution area in southern Queensland do not currently have access to notified prices. Rather, Origin Energy receives a subsidy to ensure that standard contract customers in that distribution area pay no more than similar customers that have access to notified prices. However, the Minister's delegation for 2018-19 states that the QCA is to decide the prices that a retail entity may charge standard contract customers other than those in the Energex distribution area, where retail price regulation was removed on 1 July 2016.

Consistent with the UTP and the cover letter to the 2018-19 delegation, QCA has determined that 2018-19 notified prices should be made available to Queensland customers in Essential Energy’s distribution area.

QCOSS supports that decision, as it adds transparency to the retail pricing arrangements for customers in Essential Energy’s distribution area.

6.3. Controlled load profiles

QCOSS notes with some concern the increase in energy costs for customers on controlled load profiles. The controlled load tariffs are marketed to be a way for customers to reduce the cost of the electricity they use, while at the same time they contribute to reducing peak demand by shifting their usage away from peak times when wholesale energy costs and network costs are highest, and the strain on the system is highest. Anything that reduces the benefits of controlled loads should be avoided in the short term. We also suggest that it may be timely to review of the effectiveness of controlled load tariffs.

6.4. Solar Bonus Scheme

On 31 May 2017, the Queensland Government directed Energy Queensland (Energex and Ergon Energy) to remove the costs of the Solar Bonus Scheme from their network tariffs until 2020. The effect was to reduce the notified prices for 2017-18, and this will continue until 2020.

The Solar Bonus Scheme was implemented as a Queensland Government policy rather than a network business requirement. As such, QCOSS supports the exclusion of the costs of the Scheme from network tariffs. The exclusion should be continued for the life of the Scheme which ends in 2028.

6.5. Analysis of customer impacts

The Draft Determination and accompanying fact sheets present the impacts of the Draft Determination only for a ‘typical customer’ on each tariff.

It would be more helpful for consumers to present the impact of the Final Determination on a wide range of consumer usage groups: small, medium and large, with and without controlled loads, and with and without solar PV. QCOSS would welcome the opportunity to work with QCA to develop a range of profiles that the QCA could then use to illustrate the impacts of its Final Determination on a range of consumers.

QCOSS recommends that the QCA revise opportunities to improve the quality and clarity of information provided on consumer fact sheets for the Final Determination for 2018-19.