

Queensland  
Competition  
Authority

# DRAFT DETERMINATION

2019-20 Retail Electricity Prices



# Today's workshop

The QCA's official spokesperson is Professor Flavio Menezes. Any information provided by QCA staff is done so in good faith that they will not be publicly quoted.

If you are seeking public comment you must contact the QCA on 07 3222 0555.

## How we must set prices

Under the Electricity Act the QCA must set prices while regarding:

- the actual costs of supply
- the effect on competition
- matters required by the Minister's delegation

# Minister's delegation

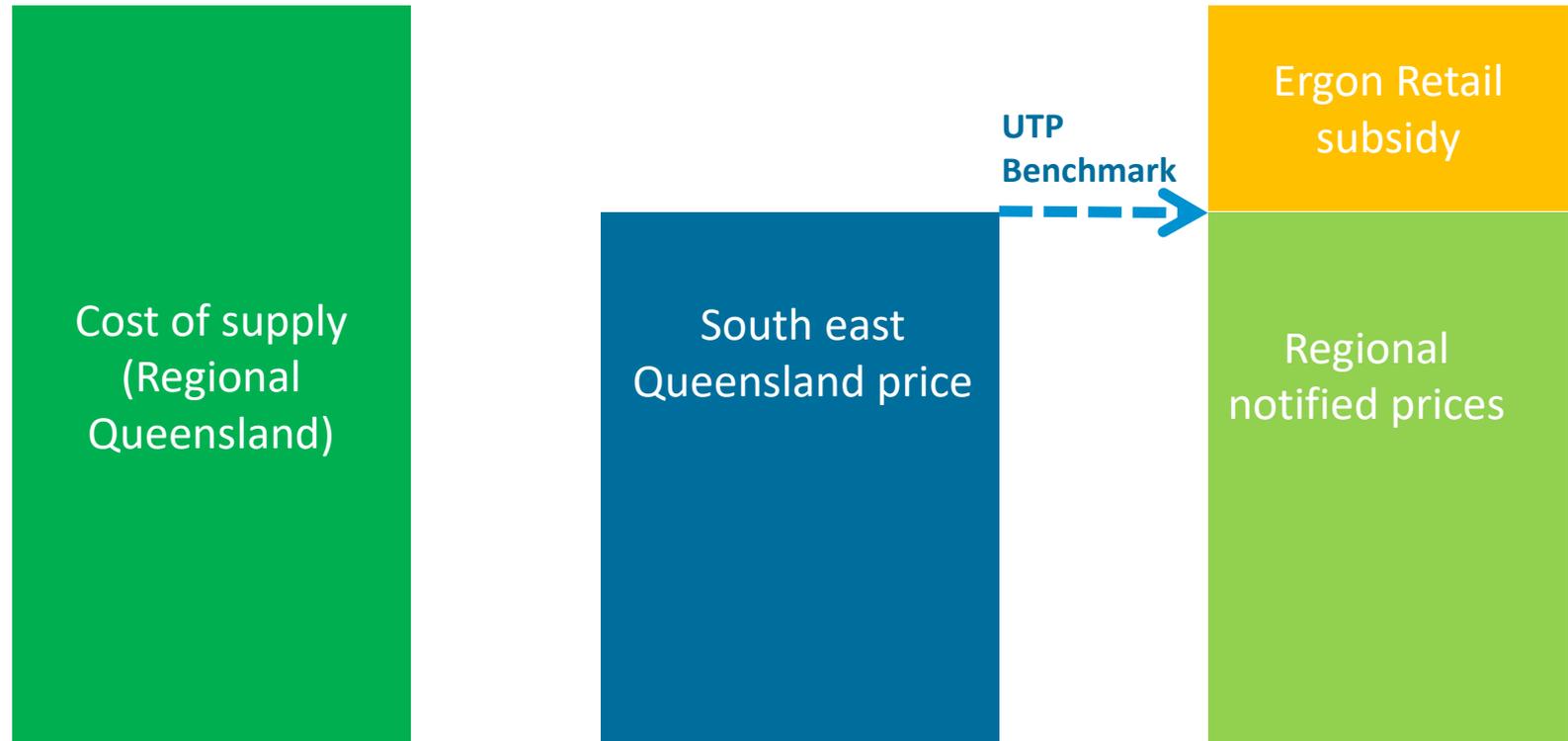
- Using a Network(N) + Retail(R) approach, where the N is a pass through
- Maintaining transitional arrangements, and reclassify transitional tariffs as obsolete
- Applying the Queensland Government's uniform tariff policy:

*Wherever possible customers of the same class should pay no more for their electricity regardless of geographic location*

And for residential and small business tariffs:

*As residential and small business customers paying notified prices are on standard retail contracts, the Government is of the view that the QCA must consider incorporating into notified prices, an appropriate value reflecting the more favourable terms and conditions of standard retail contracts*

# Uniform tariff policy – small customers



## Network costs (N)

- Residential and small business tariffs are based on SEQ (Energex) price levels in accordance with the UTP
  - Flat rate residential and small business tariffs based on SEQ (Energex) tariff structures
  - Tariffs 12A, 14, 22A and 24 based on Ergon network structures adjusted to SEQ (Energex) price levels
- As with previous years large customer tariffs based on Ergon East zone, Transmission region 1 network tariffs

## Retail Costs (R) - Energy

- As with previous years energy costs were based on forecasts by ACIL Allen, using a hedging, or market-based, approach
- ACIL used market data up until 15 February 2019
- Overall energy costs are forecast to fall for all tariffs
  - Residential and small business -11.42%
  - Large business -15.46%

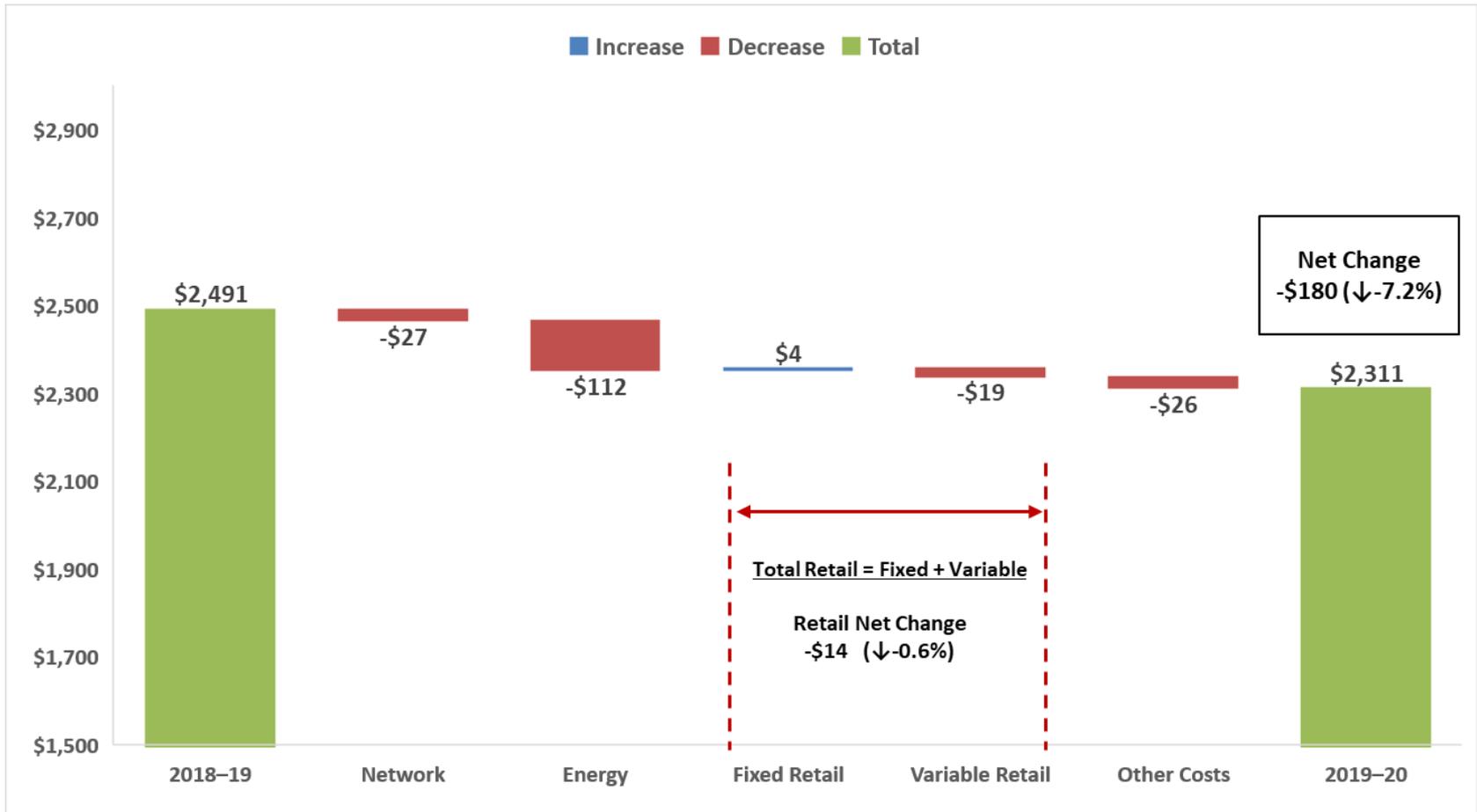
## Retail Costs (R)

- Retail costs were maintained by adjusting fixed components to account for inflation and retaining variable allocators at the same rates as 2018-19.
- In accordance with the Minister's cover letter to the delegation standing offer adjustment for residential and small business customers was maintained at 5%
- Headroom was maintained at 5% for large customers

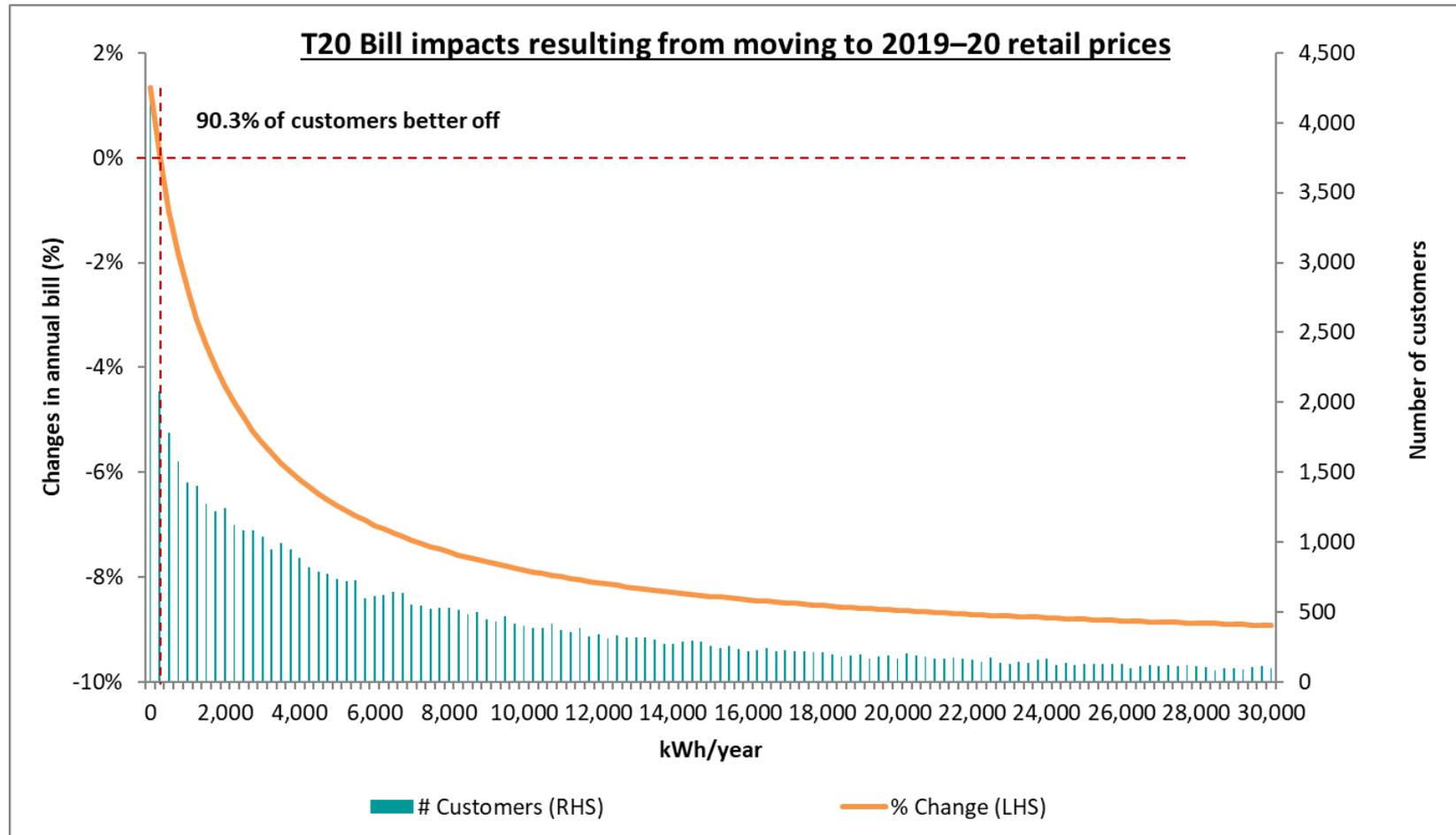
## Headline figures

- Typical residential customer is forecast to pay 4.1% (\$58) less for their electricity usage and service fee
- Typical small business customer is forecast to pay 7.2% (\$180) less for their electricity usage and service fee
- Typical large customers forecast to pay 14% - 14.4% less for electricity

# Cost drivers for small business customers

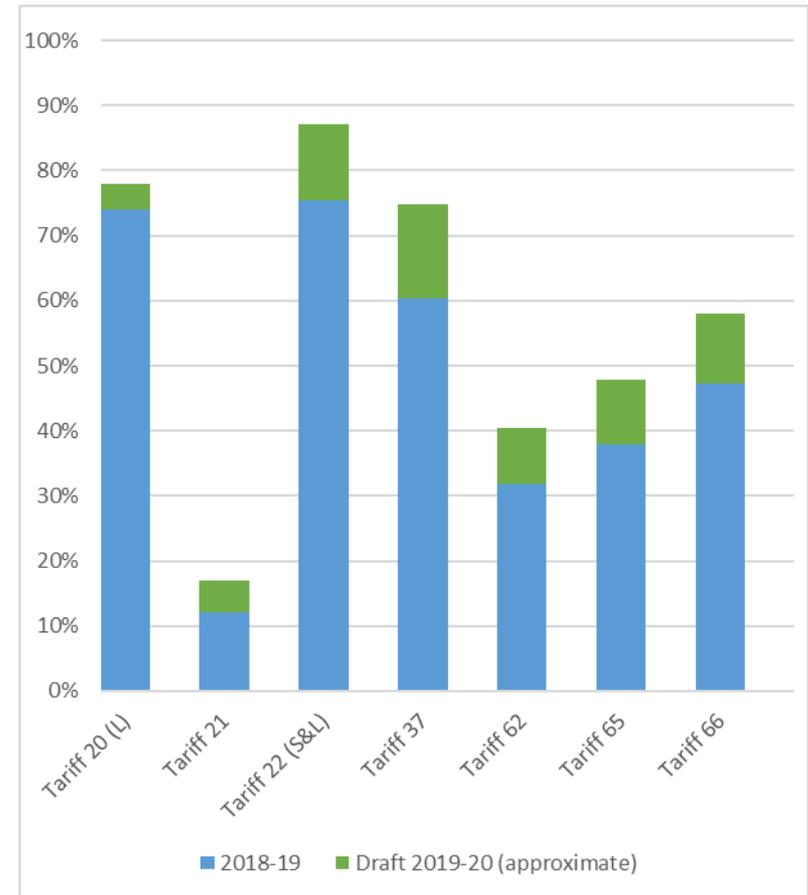


# Small business bill impacts by consumption



# Transitional tariffs

- Transitional and obsolete tariffs frozen
- Transitional periods maintained
- Transitional tariffs reclassified as obsolete for final year of the transition period.
- Approximately 40% of connections better off on standard business tariffs



# Next steps

- Submissions are due by 12 April 2019
- online submission form at [www.qca.org.au/submissions](http://www.qca.org.au/submissions)
- QCA will consider submissions and update draft estimates with the latest data for the final determination
- Final determination released by 31 May 2019

Queensland Competition Authority

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Submissions

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Family Name \*:

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**Details**

Description \*:  
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**Submissions close 12 April 2018**

[www.qca.org.au/submissions](http://www.qca.org.au/submissions)

Questions?

