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Mr Charles Millstead,
Chief Executive Officer,
Queensland Competition Authority
GPO Box 2257
Brisbane Q 4001
www.qca.org.au/submissions
(submitted electronically)

Dear Mr Millstead,

Regulated Retail Electricity Prices for 2020-2021 for Regional Queensland – Response to Draft Decision

Thank you for the opportunity to provide a submission on the Draft Regulated Retail Electricity Prices for 2020-21 for Regional Queensland, dated March 2020.

COTA Queensland is a state based organisation committed to advancing the rights, needs and interests of people as they age in Queensland. We aim to help create a more just, equitable and caring community in which older people are actively involved and have access to appropriate support, services and care. COTA Queensland believes that everyone, regardless of age, health status, wealth or social status has a fundamental right to sustainable, ongoing, secure and affordable access to energy. Our submission reflects aspects of the Draft Decision applicable to residential consumers.

Bottom-up Review of Retail Costs

COTA Queensland observes that the QCA last undertook a comprehensive review of retail costs as part of the 2016–17 price determination. To enable the most efficient overall price outcomes for regional Queensland consumers, it is essential that retail cost allowances reflect efficient costs. The retail energy market in Queensland has changed significantly since 2016. As noted in the Draft Decision, several important retail market policy reforms are in progress or have already been implemented in Queensland. While it may be considered appropriate at this time to continue with the current approach of updating the 2016–17 cost estimates for 2020-21 prices, this approach is not sustainable nor equitable in the longer term. We suggest that it is prudent to carry out a full bottom-up review of retail costs every 5 years at a minimum to capture the underlying movements in retail costs and to factor in the industry productivity benchmarks clearly expected by consumers. COTA Queensland therefore urges the QCA to revisit its approach to estimating retail costs as part of the next price review.

Standing Offer Adjustment

COTA Queensland understands that the purpose of the standing offer adjustment is to reflect the more favourable terms and conditions of standard contracts relative to market contracts. Whilst we recognise that some value may be ascribed to the standing offer terms and conditions such as simpler pricing, access to paper bills at no extra cost, better payment terms (which can include bill smoothing) and ongoing certainty of terms, it is by no means clear that the value of these terms and conditions equate to the \$50 to \$60 per annum included in the draft pricing. COTA Queensland considers that this amount is excessive, and requests QCA to either provide a credible quantification of the proposed 5% adjustment, or reduce the adjustment to a level commensurate with the actual benefits. COTA Queensland would be pleased to support the QCA to engage with end consumers to assess the level of actual benefit delivered by standing offer terms and conditions.

Inclusion of Solar Bonus Scheme Payments in the Network Component of Notified Prices

COTA Queensland is extremely disappointed that Energy Queensland and the Queensland Government have chosen to reverse the 2017 decision to recover Solar Bonus Scheme payments from general State revenue, and to instead increase electricity bills for all Queensland consumers. We consider this approach to be unfair, particularly for customers who are not solar PV owners, and also regressive. Furthermore, in this time of exacerbated hardship brought about by COVID-19 impacts on incomes, especially for large areas of the Queensland economy associated with the tourism and hospitality industries, it is a particularly unfortunate time to be increasing cost of living imposts for all Queensland electricity consumers.

We are also concerned at the apparent lack of transparency associated with this change. We note that in 2017, a Ministerial Delegation was issued to remove charges for the Solar Bonus Scheme from network prices. We question why the QCA does not require a similar approach to reverse that decision.

If you require additional information about COTA Queensland or its energy policy position, please contact me on telephone (07) 3316 2999 or by email to mte@cotaql.org.au.

Yours sincerely



Mark Tucker-Evans
Chief Executive