Submission to the Queensland Competition Authority (QCA)

Draft Determination – Ergon Energy Tariffs

1. Proposed Electric Vehicle (EV) Tariff

Overall, the proposed EV tariff is a positive initiative that is likely to be well supported by customers. In particular, the ability to integrate the EV tariff with primary solar tariffs such as Tariff 11 and Tariff 12E.

Customers with rooftop solar and battery systems are increasingly seeking to maximise self-consumption.

Opportunities for Enhancement:
To further improve the effectiveness of the EV tariff, the following demand response mechanisms should be considered:

- **Dynamic price signal incentives** (e.g. SMS/app notifications) to encourage:
    - Reduction or pause of EV charging during peak demand periods
    - Increased charging during periods of low or negative wholesale pricing
- **Customer bill credits** linked to participation in demand response events
- **Introduction of a Vehicle-to-Grid (V2G) feed-in tariff**, enabling EV owners to export stored energy back to the grid during peak periods

These measures would strengthen grid stability while providing customers with meaningful financial incentives.

2. Regional Feed-in Tariff (FiT)

The proposed reduction in the solar feed-in tariff from **8.66 c/kWh to 6.15 c/kWh** is understandable given the structural decline in daytime wholesale electricity prices. However, this change is likely to be poorly received, particularly given that approximately 60% of Ergon customers have installed solar systems.

While the economic rationale is clear, there is an opportunity to evolve the tariff structure to better reflect market conditions and incentivise desirable behaviour.

Recommendation: Time-of-Use Feed-in Tariff (Opt-in)
Introduce an optional time-of-use FiT that:

- Reflects wholesale market dynamics
- Rewards exports during peak demand periods (e.g. 4:00pm–9:00pm)

- Encourages self-consumption during low-value periods (e.g. 11:00am–4:00pm)

For example, a **premium peak export rate (~20 c/kWh)** would incentivise customers to invest in batteries and shift energy exports to times of greatest system value.

Additional Incentives (Benchmarking Victoria):
Consider trialling initiatives similar to those already operating in other jurisdictions, such as:

- **"Zero Hero" style plans** (e.g. Globird Energy)
    - Example: $1/day credit for zero grid usage during peak evening periods (6:00pm–9:00pm)

These models demonstrate how behavioural incentives can drive grid-friendly outcomes.

3. Regulated Retail Prices

It is encouraging to see a general reduction in electricity prices in the current determination. However, there are emerging risks that may place upward pressure on prices in the near term.

In particular, global energy market volatility — including geopolitical tensions such as the current situation involving Iran — is already influencing gas prices. This creates a strong likelihood of price increases in the 2027 period.

This reinforces the importance of:

- Encouraging demand-side participation
- Supporting distributed energy resources (DER)
- Providing customers with tools to manage and reduce consumption

4. Solar Soaker Offer (SOO)

The proposed **Solar Soaker Offer (3 hours of free daytime electricity)** is a highly valuable initiative and should be extended to regional Queensland customers under Ergon Energy.

At a minimum, this should be implemented as an **opt-in trial from 1 July 2026**, aligned with South East Queensland (SEQ).

Regional customers already face limited retail competition compared to SEQ. Excluding them from this initiative would further widen the disparity and be perceived negatively.

While the offer may require customers to adopt time-of-use tariffs, there is strong evidence that customers are capable of adapting behaviour to maximise benefits.

Customer Behaviour & Practical Savings Opportunities

There are simple, low-cost strategies that can significantly reduce customer bills under a Solar Soaker or time-of-use framework:

Hot Water Systems

- Typical usage: ~10 kWh/day (~3,650 kWh/year)
- Installing a ~$250 timer allows daytime operation
- Potential savings: **~$1,000/year**

Pool Pumps

- Shift operation to midday (e.g. 11:00am–2:00pm)
- Potential savings: **~$500/year**

Appliance Load Shifting

- Delayed start for dishwashers, washing machines, dryers
- Potential savings: **~$400/year**

Total potential savings: approximately **$1,900 per year**

6. Social and System Benefits

Pensioners and Remote Workers

- Ability to run air conditioning during free or low-cost periods
- Improved comfort and health outcomes
- Supports grid stability during periods of negative wholesale pricing

Home Batteries

- Ability to charge ~24 kWh during free periods
- Enables evening self-sufficiency and peak demand reduction

Electric Vehicles

- ~24 kWh of daytime charging
- Equivalent to ~140–150 km of driving at zero marginal cost

6. Tariff 12E

The revised pricing for Tariff 12E significantly improves its attractiveness and is likely to drive strong uptake, particularly among customers with solar and battery systems.

In some cases, the improved tariff structure may reduce the immediate need for battery investment, as customers can capture value through tariff optimisation alone.

7. Small Business Tariffs

The transition from **Tariff 22C to Tariff 22E** represents a material change for small businesses.

Tariff 22C previously provided strong value for businesses operating during standard hours (8:00am–5:00pm), with relatively low daytime energy costs (~13 c/kWh).

Under Tariff 22E:

- Daytime rates increase significantly (~23 c/kWh)
- Off-peak rates (~7.6 c/kWh) are limited to a short two-hour window

Recommendation:
Extend the off-peak period to **at least five hours**, aligning more closely with residential Tariff 12E.

This would:

- Improve fairness for small business customers
- Encourage load shifting
- Support broader demand management objectives

Conclusion

The draft determination includes several strong initiatives that support the transition to a more flexible, customer-driven energy system. However, there are clear opportunities to enhance outcomes through:

- Dynamic pricing and demand response incentives
- Time-of-use feed-in tariffs
- Inclusion of regional customers in key programs
- Improved tariff structures for small businesses

These changes would better align customer behaviour with system needs, while ensuring regional Queenslanders are not left behind in the energy transition.

Regards

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