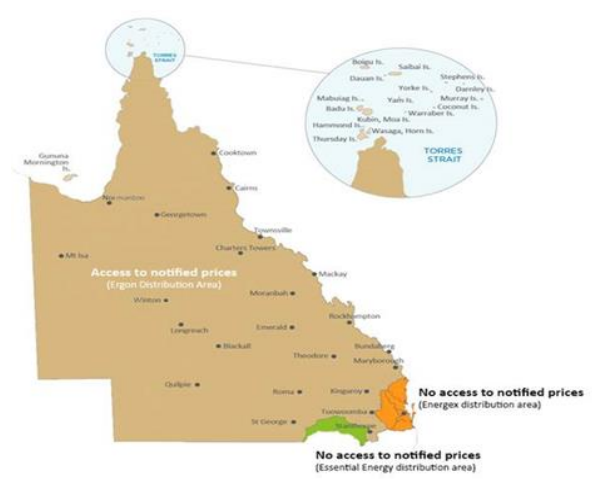


How does the QCA set prices?

The Minister for Energy, Biofuels and Water Supply, the Hon Mark Bailey, MP, delegates the task of setting prices to the QCA.

Which small businesses can access notified electricity prices?

Only small businesses in the Ergon distribution area (see below) have access to notified electricity prices.



Does the QCA consider affordability when setting electricity prices?

Under the Queensland Government's uniform tariff policy (UTP), the QCA sets regional small customer prices based on electricity supply costs in south east Queensland. As a result, most residential and small business regional customers pay electricity prices which are significantly below the cost of supplying them with electricity. In total, the Queensland Government subsidises regional electricity prices in excess of \$500m each year. The QCA also maintains legacy transitional and legacy obsolete tariffs for some regional customers.

Why are notified prices expected to change between 2016-17 and 2017-18?

The largest drivers of changes to notified electricity prices between 2016-17 and 2017-18 are energy costs and network costs.

Energy costs are projected to increase for all customers as a result of rising wholesale energy costs and large-scale renewable energy target costs. Wholesale energy costs are expected to increase as a consequence of the tightening supply-demand balance within the National Electricity Market. This can be attributed to an increase

in demand from in-field gas compression from LNG associated export facilities, insufficient new generation capacity to balance out increased demand in Queensland, and the planned shutdown of the Hazelwood power station in Victoria.

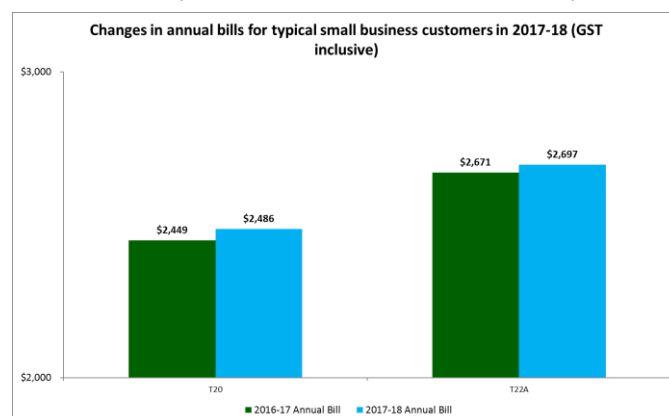
Large-scale renewable energy target costs are expected to increase as a result of rising large-scale generation certificate prices and renewable energy targets set by the Federal Government. Another factor behind rising certificate prices was, up until recently, a slowdown in investment in new renewable energy power sources.

However, to a large degree, falling network costs are expected to offset the increase in energy costs.

How will the changes affect small business customers?

The draft price determination will not affect your electricity bills. The draft determination is released to get feedback on how we plan to calculate prices for 2017-18. 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.

Based on draft estimates, a typical small business on the standard small business tariff 20 is projected to pay \$2,486 on their 2017-18 annual bill. This represents a 1.5 per cent increase from the 2016-17 annual bill of \$2,449. A typical small business on tariff 22A is projected to face a 1.0 per cent increase in their electricity bill.



Where can I find out more information or make a submission?

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