

MEDIA RELEASE

Regulated Retail Electricity Prices for Regional Queensland in 2018–19

31 May 2018

The Queensland Competition Authority (QCA) has today released its final determination on regulated retail electricity prices (notified prices) for regional Queensland in 2018–19.

The review of notified prices began in December 2017 under a delegation from the Minister for Natural Resources, Mines and Energy, the Honourable Anthony Lynham MP. The QCA received a revised delegation in April 2018.

QCA Chair Professor Roy Green said there were electricity price decreases across most tariffs and tariff combinations, including the main residential and small business tariffs, as part of the final determination.

"Annual bills will decrease by 1.3 per cent for a typical customer on the main residential tariff (tariff 11) and 3.4 per cent for a typical customer on the main small business tariff (tariff 20).

"The exception is a small increase (0.6 per cent) for typical residential customers on a combination of tariff 11 and controlled load tariff 31," Professor Green said.

"The annual bill for a typical customer on the main residential tariff will decrease by \$20 from \$1,542 to \$1,522. For the typical customer on the main small business tariff, the annual bill will decrease by \$86 from \$2,568 to \$2,482.

"A decline in network costs is the main reason for the tariff decreases. Wholesale energy costs have also reduced, by smaller amounts. However, the network and wholesale energy cost decreases have been partially offset by higher costs associated with the Renewable Energy Target (RET)."

Professor Green said that the tariff decreases in the final determination were less than those forecast in the QCA's February 2018 draft determination.

"The differences between the draft and final determinations are also mainly due to an increase in costs related to the RET."

The higher RET costs are a result of increases in RET scheme percentages announced by the Commonwealth's Clean Energy Regulator (CER) in March 2018.

Specifically, the increased costs come from: a substantial increase in the projected 2018–19 costs of the small-scale renewable energy scheme (SRES), following a large increase in the small-scale technology percentage (STP) announced in March 2018 by the CER; a significant cost pass-through of under-recovered 2017–18 SRES costs; and a smaller increase in the costs of the large-scale renewable energy target (LRET) scheme, following an increase in the renewable power percentage (RPP) also announced by the CER.

"The QCA determines notified prices objectively and in line with the relevant legal framework," Professor Green said.

"The final determination is based on network charges regulated by the Australian Energy Regulator, the latest data from competitive wholesale electricity markets, and other updated information, including from the CER.

"It is also important to remember that we set prices in accordance with the Queensland Government's uniform tariff policy, which means most regional customers pay significantly less for electricity than it costs to supply it."

Professor Green noted that, in contrast to the draft determination, the final determination did not incorporate metering charges for residential and small business customers, as directed by the Queensland Government in the revised delegation.

"On a separate matter, we are continuing to investigate Ergon Energy Queensland (Ergon Retail) for overcharging large regional customers for metering services. We will make further announcements about this investigation in the near future," Professor Green concluded.

A copy of the final determination and fact sheets are available on the QCA website (www.qca.org.au/Electricity/Regional-consumers/Reg-Electricity-Prices).

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