

Draft Decision: Residential electricity prices from 1 July 2014

The main regulated tariff for residential customers is tariff 11. Most customers (70%) in south east Queensland have switched from tariff 11 to a market contract.

Outside south east Queensland, almost all residential customers are supplied under tariff 11.

Many customers also use off-peak tariffs 31 and 33.

The Queensland Competition Authority (QCA) has released its draft decision of the regulated retail electricity prices we expect will apply from 1 July 2014. Our overview fact sheet explains how tariff 11 prices are expected to increase in 2014–15.

This fact sheet provides more details on the expected changes to tariffs 11, 31 and 33.

Tariff 11

A tariff 11 bill has two charges – a daily service charge and a usage charge. The daily service charge is intended to cover the fixed retail and network costs of supplying the customer. The usage charge covers the cost of the electricity used by the customer and network costs.

The table below shows tariff 11 service and usage charges in 2013–14 and the expected charges for

2014–15 for the typical residential customer. Our draft decision includes two sets of prices, one assuming that the carbon tax continues and the other that the tax is repealed in 2014–15.

Please see our carbon tax fact sheet for more information.

The most obvious change is the increase in the service charge. At 50 cents, the 2013–14 service charge is around half of the actual fixed cost per customer in 2013–14 (98.3 cents). With the service charge so low, the usage charge has to recover the majority of fixed costs and the full cost of the electricity consumed by the customer.

This imbalance between service and usage charges means customers with higher consumption are subsidising customers with lower consumption.

We are gradually rebalancing the two charges to ensure that customers pay their actual costs. Rebalancing reduces the subsidy received by lower use customers.

As the table below shows, these customers will see higher percentage increases in their bills.

By 1 July 2015, tariff 11 customers should be paying cost-reflective service and usage charges.

Tariff component	With carbon tax			Without carbon tax	
	2013–14	2014–15	Change	2014–15	Change
Service charge (cents/day) ¹	50.2	83.4	33.2	83.4	33.2
Usage charge (cents/kWh) ¹	26.7	28.0	1.3	25.5	-1.2
Annual bill (GST inclusive) ²	\$1,407	\$1,599	\$192	\$1,483	\$76

¹ GST exclusive

² Based on a typical (median) customer consuming 4,100 kWh per year

Draft Decision: Residential electricity prices from 1 July 2014

Increases to tariff 11 by consumption levels

The typical household, consuming about 4,100kWh per annum, is likely to see an increase of 13.6% (\$192) in their annual bill with the carbon tax or 5.4% (\$76) without the carbon tax.

We have assessed the likely impact of the tariff increases on four representative households.

Increases in annual bills for tariff 11 households from 1 July 2014

Household size	Consumption (kWh)	2013–14 bill	2014–15 with carbon tax	Difference (%)	2014–15 without carbon tax	Difference (%)
Single person	3,070	\$1,104	\$1,281	16%	\$1,195	8%
Typical (median)	4,100	\$1,407	\$1,599	14%	\$1,483	5%
Four person	6,133	\$2,005	\$2,226	11%	\$2,052	2%
Six person	8,490	\$2,698	\$2,952	9%	\$2,712	1%

GST inclusive

Besides tariff 11, many residential customers also use off-peak tariffs 31 or 33 for water heaters, pool pumps and other appliances. These tariffs do not have a service charge. If the carbon tax was removed, it is expected that tariff 31 and 33 charges would decrease.

Charges for tariffs 31 and 33 for 2013–14 and 2014–15

Charge	With carbon tax			Without carbon tax	
	2013–14	2014–15	Change	2014–15	Change
Tariff 31 (cents/kWh)	12.37	14.26	1.89	11.54	-0.83
Tariff 33 (cents/kWh)	18.05	20.06	2.01	17.51	-0.54

GST exclusive

Changing your tariff

Customers in south east Queensland are encouraged to shop around for a better deal. Our independent price comparator can help compare electricity prices offered by retailers. It's free to use and available on our website www.qca.org.au

Unfortunately, retailers do not generally make offers to residential customers in regional Queensland because regulated prices are subsidised. The Government is looking at ways to introduce competition in regional areas, so this may change in future.

Help with your bill

If you are struggling to pay your electricity bill, you should discuss your situation with your retailer. Retailers offer support to their customers in hardship.

The Queensland Government offers support to customers in some circumstances. For more information visit the Department for Energy and Water Supply's electricity concessions page on their website, www.dews.qld.gov.au/energy-water-home/electricity/rebates or call them on: 13 QGOV (13 74 68).