



825 Ann Street, Fortitude Valley QLD 4006
PO Box 264, Fortitude Valley QLD 4006

ergon.com.au

4 February 2016

Professor Roy Green
Chairperson
Queensland Competition Authority
GPO Box 2257
BRISBANE QLD 4001

Dear Professor Green

RE: Draft QCA Fee Framework

Ergon Energy Queensland Pty Ltd (EEQ) welcomes the opportunity to provide comments on the Queensland Competition Authority's (QCA's) Fee Framework Consultation Paper (Consultation Paper).

EEQ is a Queensland Government-owned non-competing Retailer operating in regional Queensland that provides electricity to more than 700,000 homes and businesses and helps regional Queenslanders manage their energy consumption. It has a team of people servicing regional Queensland customers from contact centres and offices located in Townsville, Rockhampton, Maryborough and Brisbane.

As noted in your Consultation Paper fees for general regulatory services are based on the QCA's estimate of the total costs of performing its functions allocated to those parties for whom the services are delivered. In the case of electricity Retailers, one of the most significant elements of the QCA's services is the determination of regulated prices each year. As noted in the Consultation Paper, from 1 July 2016 it is anticipated that regulated prices will only apply to regional Queensland electricity customers. EEQ is the primary Retailer offering regulated electricity prices in regional Queensland.

Based on the approach described in the Consultation Paper, the costs incurred by the QCA in determining regulated prices will be borne almost exclusively by EEQ in the current and future years. As a consequence, this has resulted in a significant uplift in regulatory fees incurred by EEQ.

As you would be aware, the QCA is currently examining retail operating costs in greater detail and EEQ has provided input as requested to this review. EEQ is of the belief that these increased regulatory fees should be included as part of the QCA's cost build-up of retail operating costs for the purposes of future pricing determinations.

In order for EEQ to manage budget variance it would appreciate a mid-year update from the QCA should the actual cost of delivering the services be projected to vary by more than 15% than indicated at the commencement of the year.

If you wish to discuss this matter further, please do not hesitate to contact Michelle Norris,
Manager Retail Regulatory Affairs, on 07 3851 6222 or michelle.norris@ergon.com.au

Yours sincerely

A handwritten signature in black ink, appearing to read 'I. McLeod', written in a cursive style.

Ian McLeod
CHIEF EXECUTIVE