

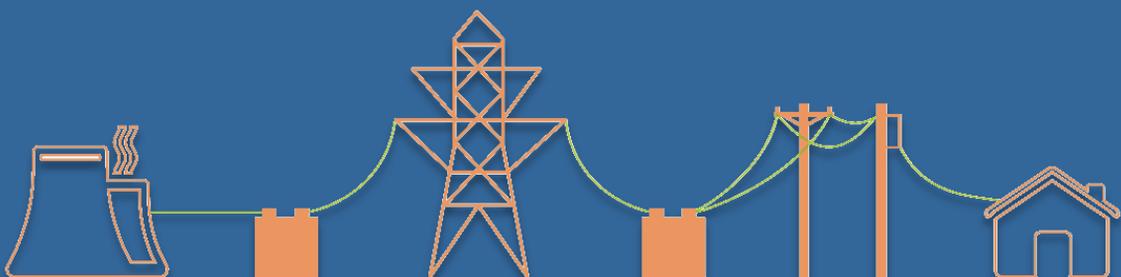
Information booklet

Regulated retail electricity prices for 2021–22

Applying to customers in regional Queensland

Final determination

June 2021



Overview

What is the QCA's role in setting electricity prices?

The Queensland Government asked us to set regulated retail electricity prices (**notified prices**) for regional customers, to apply from 1 July 2021 to 30 June 2022.

About this booklet

This booklet gives an overview of the price-setting process and key issues for setting notified prices this year.

The booklet is **not a substitute for our final determination** and should be **read in conjunction with it**.

What is our approach to determining notified prices?

Continuing to apply the **Uniform Tariff Policy**

which provides that, **wherever possible**, customers of the same class **should pay no more for their electricity**, and should be able to pay for their electricity via **similar price structures**.

&

Continuing to use the **'N+R' framework**

in which network, energy, retail costs and other adjustments are **individually calculated** to determine prices for each tariff.

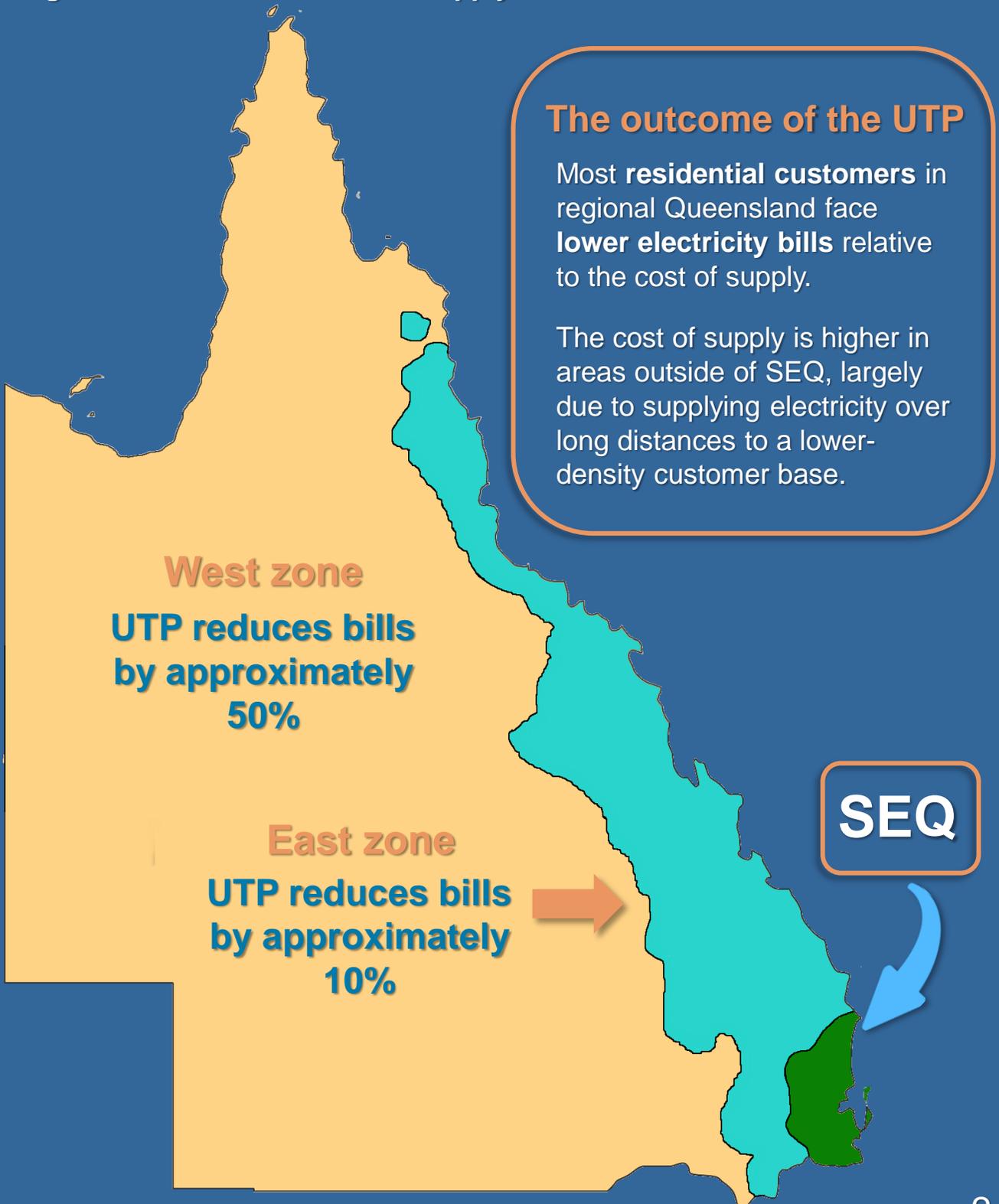
Key dates



How does the UTP impact electricity bills?

What does the UTP mean for regional Queensland?

Notified prices for **small customers** are typically based on the cost of supply in **SEQ**, and prices for **large customers** are based on the **Ergon region with the lowest cost of supply**.



What costs form my electricity bill?



Retail costs

These include costs for customer services like call centres and administrative tasks (e.g. sending bills).

Energy costs

These include costs to buy electricity from the wholesale market. It also includes the costs to comply with 'green schemes' such as the Renewable Energy Target.



Network costs

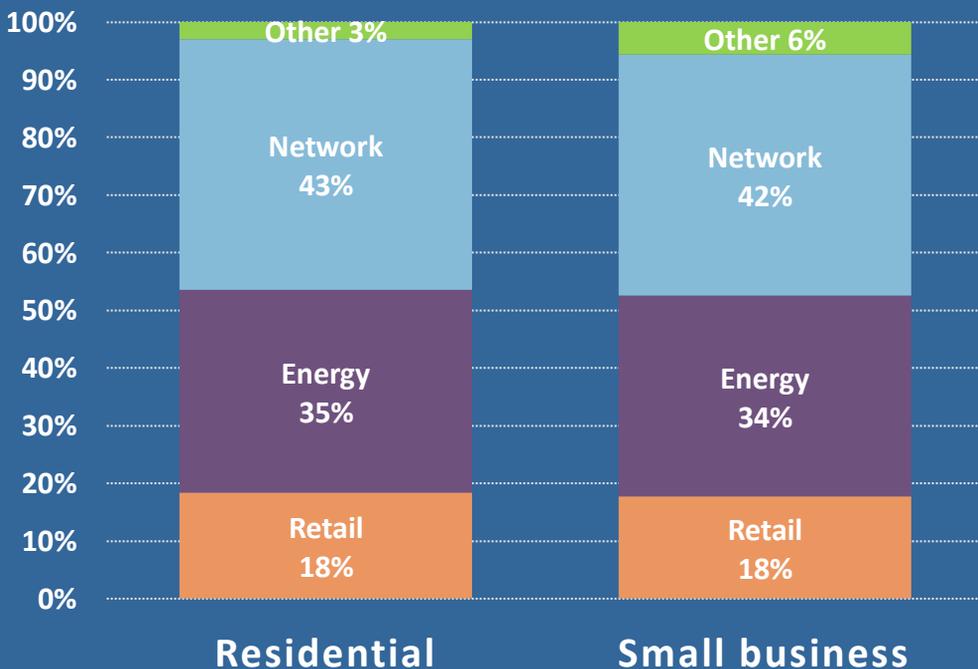
These include costs to transport electricity via the electricity network. They also include other costs such as the solar bonus scheme.

Other adjustments

These adjustments include matters that we are required to consider under our legal framework.



The chart shows how the components contributed to the bill of a typical customer in 2020–21



Percentage share has been rounded to the closest whole per cent.

How did we determine prices this year?

Using the N+R methodology, each cost component of prices has been set based on the following inputs.

Small customers

Cost base—SEQ

Large customers

Cost base—Ergon region
(lowest cost)

Retail

Updated existing retail cost estimates using recent market data



Updated existing retail cost estimates using the RBA's CPI forecasts

Energy

Estimated energy costs using a market-based approach



Estimated energy costs using a market-based approach

Network

Estimated network costs by passing through AER-approved network prices*



Estimated network costs by passing through AER-approved network prices

Other

Pass-through of renewable energy scheme costs
+
3.6 % standing offer adjustment



Pass-through of renewable energy scheme costs

*Price indexation was used for tariffs 12A, 14, 22A and 24, which have no underlying network tariff.

Small customer tariffs

What does the final determination mean for prices?



Prices are **decreasing**, mainly due to a projected reduction in energy costs



Indicative bill impact

Flat rate

Tariff 11

7.3%
lower



Tariff 20

3.7%
lower

\$1,271



Down from
\$1,372
last year

\$2,085



Down from
\$2,164
last year

Controlled load

Tariff 31

12.8%
lower



Tariff 33

12.4%
lower

\$179



Down from
\$205
last year

\$150



Down from
\$171
last year

Most residential customers are on tariff 11, and most small business customers are on tariff 20.

Large customer tariffs

What does the final determination mean for prices?



Prices are **decreasing** mainly due to a projected reduction in energy costs



Indicative bill impact

Tariff 44

2.5%
lower



Tariff 45

3.5%
lower



Tariff 46

3.7%
lower

\$46,736



Down from
\$47,919
last year

\$154,171



Down from
\$159,780
last year

\$344,069



Down from
\$357,129
last year

Apart from prices, what else has changed?

There are 4 new tariffs, changes to the tariff schedule and other pricing issues*



We introduced three new **limited-access obsolete tariffs** based on network tariffs that mirror the structure of obsolete tariffs 62, 65 and 66 (see next page for more information).

We introduced tariff 43 for large businesses with basic (type 6) metering installations.

This tariff has a **daily supply charge** and an **inclining usage structure**, with increased usage charges once annual consumption exceeds 97 mWh.

We removed the provision allowing residential customers access to tariff 33 as a primary tariff and set a sunset date of 12 months to move to an alternative primary tariff.

Small customer advanced digital metering charges are now set at the Energex rate for standard type 6 meters.

We set a 12-month sunset period for the removal of high voltage rebates for customers' where supply is given and metered at high voltage and the tariff applied is not a designated high voltage tariff.

We updated **small customer retail operating costs**, based on recent SEQ market data.

We **have not updated large customer costs**, due to insufficient evidence to suggest costs are materially different to previous costs

We removed some, but not all, retailer, distributor, metering and other service provider discretions from the tariff schedule

*Further changes and our detailed considerations are in the main report.

Obsolete tariffs

What are obsolete tariffs?

They are legacy tariffs, some of which are more **heavily subsidised than standard tariffs**.

Which tariffs are obsolete?

Tariff 20(L), 21, 22 (small and large), 37, 47, 48, 62, 65 and 66

Obsolete tariffs are scheduled to expire



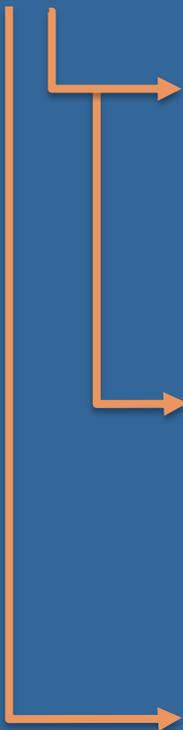
1 July 2021

→ 20(L), 21, 22 (S and L), 37, 62, 65 and 66

1 July 2022

→ 47 and 48

What is next for customers on obsolete tariffs?



We introduced three new **limited-access obsolete retail** tariffs. The new tariffs mirror the structure of obsolete tariffs 62, 65 and 66

Existing small business customers who accessed the relevant obsolete retail tariff at some point between **1 July 2017 and 30 June 2020** are **eligible to move to these new tariffs** (customer eligibility arrangements are based on those approved by the AER).

However, we are allowing access to eligible small customers across the Ergon network area (not applying the AER's geographic limits).

Customers not eligible to move onto the three new limited-access obsolete tariffs will be required to move to standard business tariffs.



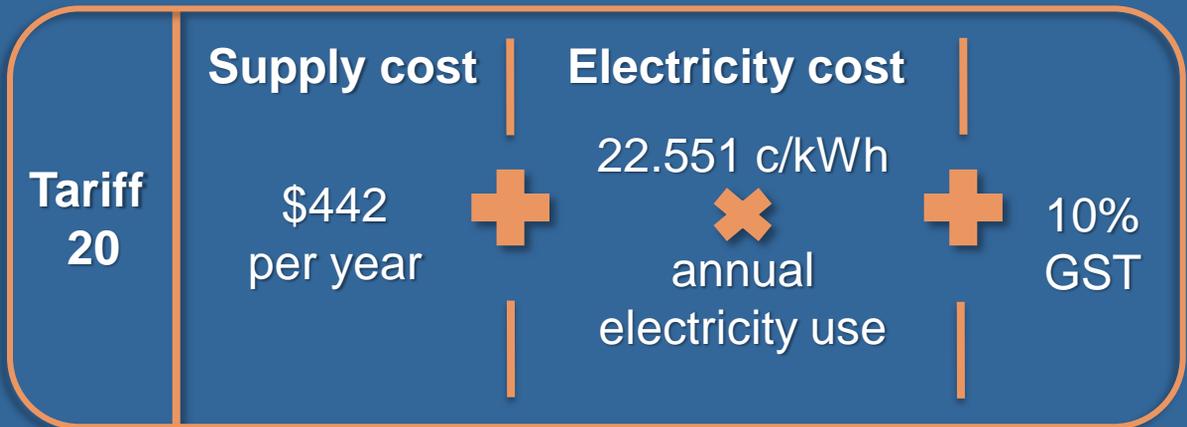
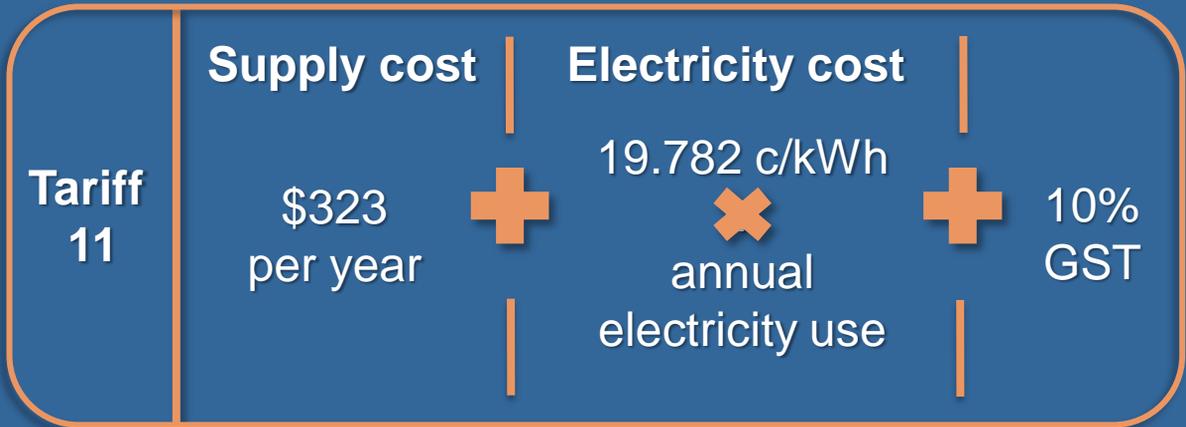
A significant number of customers could **reduce their electricity costs** by **moving** to a standard business tariff.

Contact Ergon Energy on 1300 135 210 for further information.

How do I calculate my annual electricity bill?

Bill calculation method

Customers on **flat-rate** residential and small business tariffs can calculate their **potential** 2021–22 electricity bill in the following way:



What other factors can impact my electricity bill?



Solar feed-in tariff payments



Rebates and concessions



Metering costs