

Submission to Queensland Competition Authority Regulated Retail Electricity Prices 2026–27

Date: 13 February 2026

Executive Summary

Caravan Parks Association of Queensland (CPAQ) represents caravan and residential parks across metropolitan, regional and remote Queensland. Our members are central to the State's tourism economy and provide an essential supply of affordable long term accommodation in many regional communities.

Electricity is one of the most significant operating expenses for caravan and residential parks. In Queensland, the structure of current tariffs, particularly the high proportion of fixed and demand-based network charges, is creating structural barriers to sustainability, affordability and investment.

In many parks, fixed and demand charges account for between 44 and 75 per cent of total electricity costs. This significantly reduces the financial benefit of investing in solar, battery storage and other efficiency measures. It also places regional operators at a disadvantage, given limited retail competition and exposure to higher underlying costs.

CPAQ submits that reform of tariff structures is necessary to better align pricing signals with consumption, encourage investment in distributed energy resources and energy efficiency measures, and support the long-term viability of regional businesses.

CPAQ also strongly supports the introduction of a transitional tariff for small business customers whose usage exceeds 100 MWh and who are reclassified as large customers. For caravan and residential parks, increased electricity usage is typically driven by guest/resident behaviour rather than discretionary business decisions, therefore internal business decisions are unable to shift discretionary load into the middle of the day. A transitional arrangement is necessary to avoid sudden and unmanageable cost shocks.

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Recommendations

CPAQ recommends that Queensland Competition Authority:

1. Rebalance tariff structures by reducing the proportion of network and demand charges and increasing the proportion of volumetric usage charges, where feasible.
2. Ensure tariff settings strengthen incentives for solar, battery storage and energy efficiency investment.
3. Review demand charge methodologies to ensure they reflect the operational characteristics of businesses.
4. Introduce a transitional tariff for small business customers moving to large customer classification, with progressive rate escalation.
 - (a) Develop and implement a clear communication strategy to ensure eligible businesses understand and can access transitional arrangements.

1. Background and Industry Context

Caravan and residential parks operate energy intensive businesses. In regional and remote locations, these costs are compounded by limited retail competition and high network charges.

Unlike many commercial enterprises, caravan and residential parks have limited capacity to control electricity demand periods. Peak consumption typically occurs in the late afternoon and evening when guests/residents return to, or arrive at, their site and use multiple appliances, now available in their caravans, simultaneously. These patterns are driven by guest expectations and cannot be materially shifted without negatively affecting the guest experience.

As a result, tariff designs that rely on demand management or load shifting as the primary cost control mechanism do not reflect the operational reality of these accommodation based businesses.

Electricity Cost Disparity and Affordability Impacts

In 2024, CPAQ undertook an analysis of electricity costs across 21 caravan parks in Queensland, comprising six regional parks and fifteen in South East Queensland. The analysis found that regional parks were able to charge their residents¹ (based on a meter

¹ Charging residents for electricity usage in caravan and residential parks is regulated under either (depending on agreement) section 99A of the Manufactured Homes (Residential Parks) Act 2003 or section 167 of the Residential Tenancies and Rooming Accommodation Act 2008



reading) on average 25.0 cents per kWh compared to 14.4 cents per kWh in South East Queensland. This represents a 73 per cent higher cost for residents in regional caravan and residential parks.

This differential reflects structural pricing and market limitations in regional Queensland and places regional caravan and residential parks at a material competitive disadvantage.

Case Study: Outback Queensland Operator

A multi park operator in Outback Queensland reported that in its lowest occupancy month, one park incurred electricity charges of \$6,500. Of this amount, only \$1,600 was attributable to actual electricity usage. The balance consisted of demand charges, environmental costs and metering fees.

At that location, energy costs now account for approximately 30 per cent of total operating expenses. Exacerbating this issue, a recent contract renewal was 40 per cent higher than the previous agreement.

Despite proactive efforts to manage consumption, the operator has limited ability to materially reduce costs because most of the charges are fixed or demand based. Solar and battery storage have been assessed but are not commercially viable under the current tariff structure.

The operator has ruled out installing EV chargers due to energy cost exposure and is actively reconsidering future land use if caravan park operations become financially unsustainable.

This example illustrates a systemic issue, not an isolated case.

2. Network and Demand Charges

2.1 Structural Imbalance in Tariff Design

Under current tariff structures, a substantial portion of electricity bills for caravan and residential parks is attributable to fixed network and demand charges rather than volumetric usage.

In many cases only a small proportion of the monthly bill reflects actual kilowatt hour consumption. Demand, environmental and metering charges make up the bulk of the cost with our members reporting that fixed and demand charges represent between 44 per cent and 75 per cent of their total electricity costs.



This structure produces several unintended and counterproductive outcomes.

1. It significantly **weakens the financial incentive to invest in sustainability initiatives**. Where up to three quarters of a bill is made up of fixed or demand based charges, even substantial reductions in grid consumption through solar generation or efficiency measures result in only marginal reductions in total cost. The business case for investment in rooftop solar, battery storage, demand management systems or energy efficient infrastructure is therefore materially diminished.
2. The current structure **discourages private capital investment in distributed energy resources**. Caravan and residential parks are typically large landholders and, in theory, well suited to solar deployment. However, they struggle to justify the cost where the return on investment is limited.
3. This outcome is **inconsistent with broader State and Commonwealth policy objectives** aimed at supporting decarbonisation, electrification and distributed energy integration.
4. Heavy reliance on demand charges disproportionately impact accommodation based businesses where peak demand is guest driven and occurs in the late afternoon and evening. These **demand patterns cannot be meaningfully shifted** without compromising guest experience.

A tariff framework that more appropriately balances fixed and volumetric components would better align pricing signals with policy objectives, operational realities and investment incentives.

2.2 CPAQ Position on Tariff Structure Reform

CPAQ recommends that Queensland Competition Authority:

1. Rebalance tariff structures, where feasible within the regulatory framework, by reducing the proportion of network and demand charges and increasing the proportion of volumetric usage charges.
2. Strengthen pricing signals that reward:
 - Reduced overall consumption
 - Investment in solar and battery storage
 - Adoption of demand management technologies
 - Electrification initiatives such as EV charging
3. Consider whether current demand charge methodologies appropriately reflect the operational characteristics of accommodation businesses with guest driven peak loads.



3. Transitional Tariff for Businesses Moving to Large Customer Status

CPAQ strongly supports the proposed introduction of a transitional tariff for small business customers whose annual usage exceeds 100 MWh and who are reclassified as large customers.

3.1 Operational Reality for Caravan and Residential Parks

For caravan and residential parks, increased electricity consumption is driven by higher occupancy, longer guest stays and/or increased use of high load appliances such as the coffee machines, air fryers, washing machines and multiple air conditioners which many caravans and motorhomes are now fitted with. These changes reflect evolving guest expectations and broader electrification trends. They are not easily controlled by the park operator.

Tariff reclassification due to increased use can occur within a pricing cycle where site fees have already been set 12 months in advance. Sudden movement to a large customer tariff can result in significant unbudgeted cost increases that cannot immediately be passed through.

3.2 Rationale for Transitional Arrangements

A transitional tariff would:

- Smooth the cost impact of reclassification
- Allow time to adjust park pricing structures
- Provide an opportunity to implement energy efficiency measures
- Reduce the risk of financial shocks

CPAQ supports a structure where rates escalate progressively toward full large customer pricing as usage increases toward 160 MWh.

3.3 Communication and Implementation

Electricity retail arrangements are complex. Caravan and residential park operators are accommodation providers, not energy market specialists.

To ensure the effectiveness of a transitional tariff, Queensland Competition Authority should require retailers to:

- Provide clear, plain English explanatory materials
- Directly notify eligible customers
- Clearly outline eligibility criteria and financial implications
- Allow sufficient lead time prior to implementation



Without a clear communication plan, eligible businesses may not understand or access transitional support like a transitional tariff.

4. Broader Implications

Caravan and residential parks are integral to regional tourism, drive market visitation and affordable long-term housing in regional communities.

Escalating electricity costs, particularly those driven by fixed and demand charges, have direct consequences:

- Increased site fees for guests
- Reduced investment in sustainability initiatives
- Greater financial strain on low income residents
- Reduced competitiveness of regional parks compared to metropolitan operators and alternative accommodation providers

Tariff reform that better aligns pricing with consumption and supports transitional stability will contribute to both economic sustainability and energy transition objectives.

Conclusion

Caravan and residential parks are doing the heavy lifting in maintaining affordable regional accommodation while navigating rising energy costs and evolving guest expectations. Tariff structures that disproportionately rely on fixed and demand charges are undermining investment, sustainability and competitiveness.

CPAQ welcomes the opportunity to work constructively with Queensland Competition Authority to ensure notified prices for 2026–27 support sustainable regional businesses, align with energy transition objectives and maintain the affordability of Queensland's tourism and housing sectors.

About Us

Caravan Parks Association of Queensland (CPAQ) is the peak industry body representing over 320 caravan and residential parks across Queensland. CPAQ members play a vital role in the state's housing and tourism landscapes, offering a diverse range of accommodation options.



Our members and their parks are diverse in size, type, and offering, ranging from pure tourist parks to pure residential parks with everything in between. These businesses are geographically dispersed, spanning coastal areas, regional towns, and remote locations. This diversity reflects the multifaceted nature of Queensland’s caravan and residential park industry, catering to a wide variety of travellers, residents, and communities.

CPAQ is committed to advocating for the interests of our members, fostering industry innovation, and ensuring the sustainability of caravan and residential parks across the Queensland.

For more information

For more information about this submission, or to speak with us further about feedback from caravan and residential parks relating to energy costs and experience, please contact CPAQ CEO, Michelle Weston:

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