

The Hon. David Janetzki MP
Treasurer
Minister for Energy
Minister for Home Ownership

DELIVERING
FOR QUEENSLAND



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Our Ref: QT05435-2025

Dr Malcolm Roberts
Chair
Queensland Competition Authority
GPO Box 2257
BRISBANE QLD 4001

Email: [REDACTED]

Dear Dr Roberts

Pursuant to section 90AA of the *Electricity Act 1994* (the Act), I am delegating to the Queensland Competition Authority (QCA) the functions under section 90(1) of the Act for the determination of regulated retail electricity prices in regional Queensland for the 2026–27 tariff year.

The enclosed *Delegation No. 1 2026* is for the setting of notified prices for existing retail tariffs in the usual manner. I ask the QCA to consider applying the same cost build-up methodologies used for setting prices for 2025–26, to all current tariffs.

As you are aware, the Queensland Government's Uniform Tariff Policy (UTP), as described in the Delegation, provides an important and longstanding mechanism to ensure people living in regional Queensland pay equivalent electricity prices to South East Queensland (SEQ) customers – despite the higher costs of delivering electricity to those areas. I require the QCA to continue to apply the UTP when using the Network plus Retail (N+R) methodology cost build-up to set prices.

I note the Australian Energy Regulator (AER) flagged the introduction of a package of changes to the Default Market Offer (DMO) in its 2026–27 Issues Paper following the announcement of the outcomes of the Australian Government's DMO framework review. The changes include the intention to set the DMO as common standing offer tariff types as well as a reference bill. The AER also noted the Australian Government's intention to introduce a new time-of-use tariff category under the DMO framework called a Solar Sharer Offer with zero-cost electricity during designated time windows. I require the QCA to give consideration to the expected changes in the DMO framework and consult with stakeholders about the suitability of establishing a regulated zero-cost electricity period offer for residential electricity customers.

Like in previous delegations, the QCA should consider the SEQ DMO price to be a cap – meaning the standard flat rate tariffs should be set no higher than the equivalent SEQ DMO. This means a negative Standing Offer Adjustment (SOA) can be applied if necessary to deliver on the Queensland Government's UTP. When applying any SOA adjustment, retention of bill relativity remains important and is to be maintained for more complex small customer tariffs.

I note that the expected introduction of set tariffs under the DMO means tariff rates could be set the same in both areas as an alternative method of ensuring that regional customers pay no more than the SEQ DMO reference. I require the QCA to consult with stakeholders on the merits of both approaches. If the QCA ultimately considers the arguments to be finely balanced my preference is for the existing SOA adjustment process to stand.

Although the current regulatory environment does provide certainty and protects customers from the true cost of supply, there are challenges in enabling innovation and more choice. As customers continue to evolve how they use electricity, it is important that retailers in regional Queensland can be more responsive to customer needs. Therefore, the delegation includes a new provision that creates a process whereby Ergon Energy Retail can propose an Electric Vehicle (EV) tariff for the QCA to consider which could be approved without needing to satisfy the N+R methodology, as long as certain criteria are met. It is important that households with an EV can take advantage of cheaper rates during the day.

The Queensland Government acknowledges the UTP settings can cause some customers to experience bill increases when being reclassified from a small customer to a large customer. Customers should not be penalised just because they have increased their electricity use above the small customer threshold. Therefore, the QCA should consult on a potential retail tariff that can assist small customers with the escalated retail tariff cost when they transition to become a large customer. This potential tariff would include a fixed charge, a volume charge and a demand charge. However, those rates would be set in such a way so that a typical customer would experience a minimal increase at 100MWh, then escalate so that a customer using 160MWh would pay a similar amount as a typical customer on Tariff 44A.

The introduction of the small customer solar soaker tariffs has been successful in encouraging small customers to take advantage of the abundance of cheap renewable energy during the day. The QCA should consider if such a tariff could be created for large customers.

Additionally, pursuant to section 93 of the Act, I direct the QCA to decide the flat rate regional Queensland solar feed-in tariff (FiT) for the 2026–27 tariff year. In the enclosed Direction for the regulated FiT, I ask the QCA continue to apply the avoided cost methodology.

The QCA is required to publish draft determinations within one week, or as soon as practicable after the AER publishes the draft DMO for the 2026–27 tariff year and publish final determinations by 5 June 2026. Queensland Treasury will be available to consult with the QCA on the 2026–27 price determination and FiT.

If you require further information or assistance with this matter, please contact Mr Tim Mactaggart, Executive Director, Energy, at [REDACTED]

Yours sincerely



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Encl. (2)