

18 February 2026

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By email: charles.millsteed@qca.org.au

Dear Mr Millsteed,

Submission to the QCA interim consultation on regulated retail electricity prices 2026-27

Thank you for the opportunity to respond to the interim consultation paper issued by the Queensland Competition Authority (QCA) regarding regulated retail prices, known as 'notified' prices, to apply in the Ergon Energy area (regional and rural Queensland) from 1 July 2026 to 30 June 2027. The interim consultation paper is in response to a delegation from the Queensland Minister for Energy ('the Minister'). QCOSS engaged Etrog Consulting to provide detailed technical advice in making this submission, and this advice is **attached**. In this cover letter we provide an overview of the key issues and recommendations.

About QCOSS

QCOSS' vision is for equality, opportunity and wellbeing for every person in every community in Queensland. As part of that vision, we see every household confidently using the energy they need to stay well without taking on debt or make trade-offs between essentials, such as healthcare, energy, food and housing.

This submission has been guided by consumer-focused members of the QCA Consumer Advisory Committee and informed by QCOSS' engagement with consumer interest organisations. This includes our Essential Services Consultative Group (ESCG), which draws on the community service sector's experience in supporting people with lived experience of poverty and vulnerability.

QCOSS' position

As discussed in our [Living Affordability in Queensland Report](#), our research has found that many people do not have enough money to get by, especially those in regional areas or on low incomes. Regulatory pricing decisions relating to essential services, such as energy, materially impact people's financial wellbeing and their opportunities to engage and participate in economic and social activities. The cost of energy remains a key issue for communities across regional Queensland and must be front of mind for the QCA.

Solar Sharer Offer (SSO)

QCA should proceed to a draft determination including a solar sharer tariff option. QCA should remain open to a further decision on whether solar sharer is included in the QCA's final determination, depending on national progress with the current regulatory update, and Australian Energy Retailer (AER) Default Market Offer (DMO) considerations on solar sharer.



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Electric vehicle (EV) tariff

If Ergon Energy Retail proposes an EV tariff, QCA should engage in a consultative process that considers what protections customers ought to be afforded on this tariff. It should be an additional tariff, not mandatory for EV users, and it should add to, not detract from, consumer choice. If undertaken in this manner, there should be no customer detriment because of having an EV tariff in place.

Standing Offer Adjustment (SOA)

The SOA should be removed from the notified prices determination for 2026-27. We generally have not supported the idea of an SOA. It lacks transparency, and we are advised that there is evidence that customers attribute this or any value to standard contracts as against market contracts.

Default Market Offer (DMO) comparison

QCA should continue to adopt a network and retail cost ('N+R') approach to setting notified prices, with DMO adjustment, divorced from the SOA (which would cease to exist). The DMO comparison can be called simply 'DMO adjustment', restoring transparency.

Using DMO prices in the Ergon energy area

In accord with the Minister's stated preferred approach, QCA should continue to adopt an N+R approach to setting notified prices, with DMO adjustment.

Retail cost update

A full bottom-up reanalysis of retail costs should occur, rather than simply reapplying the previous years' benchmarks and methodology for annual update. The retail costs should then be set at the lower of:

- re-application of the previous years' methodology; and
- new bottom-up assessment.

It is noted that customers are encouraged to move to increasing 'self-service' and this should be taken into account in re-evaluation of retail costs.

Comparison of actual prices in the Ergon Energy area versus the Energex area

In the spirit of the Uniform Tariff Policy, QCA should seek to keep notified prices in the Ergon Energy area lower, given that 91% of customers in the Energex area, who are on market offers, pay lower prices.

Competitive neutrality

Origin Energy has entered the market in some regional cities, offering tariffs that appear to be priced \$20 below notified prices (with their own market terms and conditions). QCA should take care not to cause disruption to this embryonic competitive retail environment in the Ergon Energy area.

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Conclusion

Electricity is an essential service and equity in pricing should be an enduring feature of Queensland's energy system.

Research has shown that energy customers want simplicity in tariff/plan offerings and information. New tariff structures must be opt-in and adequately explained to customers, to allow for informed choices in relation to electricity use, investments (e.g. in consumer energy resources), and how they pay for electricity. Tariffs should incentivise efficient energy use and investments.

Thank you again for the opportunity to provide our submission.

Yours sincerely



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The information in this report is of a general nature. It is not intended to be relied upon for the making of specific financial decisions.

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The views expressed in this document do not necessarily reflect the views of Energy Consumers Australia.

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1. INTRODUCTION

This report is a response to an interim consultation paper issued by Queensland Competition Authority (QCA) regarding regulated retail prices, known as “notified” prices, to apply in the Ergon Energy area (regional and rural Queensland) from 1 July 2026 to 30 June 2027. The interim consultation paper is in response to a delegation from the Queensland Minister for Energy (“the Minister”).¹

This is a report to QCOSS, to be used by QCOSS to form a submission to QCA on behalf of a consortium comprising the following Queensland-based community organisations:

- QCOSS
- COTA Queensland
- Energetic Communities Association
- Financial Counselling Queensland
- First Nations Clean Energy Network
- Queensland Consumers Association

There are several aspects to the setting of notified prices in 2026-27 which have not been present in previous years, including:

- Substantial uptake of storage batteries in households, funded through the Federal Government’s Cheaper Home Batteries Program;² and
- The Federal Government’s proposed Solar Sharer Offer (SSO),³ which is to be implemented in various jurisdictions, including south-east Queensland (SEQ) (the Energex network area) from 1 July 2026 as part of a reformed Default Market Offer (DMO) administered by the Australian Energy Regulator (AER), subject to new final regulations being in place in time.⁴

¹ Documentation regarding notified prices for 2026-27 and links to previous years’ processes can be found on the QCA website at <https://www.qca.org.au/project/customers/electricity-prices/regulated-electricity-prices-for-regional-queensland-2026-27>

² See <https://www.dcceew.gov.au/energy/programs/cheaper-home-batteries>

³ See <https://www.energy.gov.au/news/solar-sharer-offer-cut-electricity-bills>

⁴ See <https://minister.dcceew.gov.au/bowen/media-releases/next-steps-solar-sharer-offer>

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2. ISSUES CONSIDERED IN THIS REPORT

This submission focuses on a selection of the issues raised in the QCA Interim Consultation Paper that pertain to residential customers, and particularly those customers who may be experiencing vulnerability or hardship.

These issues are:

- Consideration of incorporating a solar sharer offer (SSO) in notified prices in 2026-27;
- Electric Vehicle (EV) tariffs;
- Standing offer adjustment (SOA);
- Default Market Offer (DMO) comparison;
- Using DMO prices in the Ergon Energy area;
- Retail costs update;
- Comparison of actual prices in the Ergon Energy area versus the Energex area; and
- Competitive neutrality.

Research has shown that customers want simplicity wherever possible.

New tariff structures must be opt-in and adequately explained to customers to allow customers to make informed choices regarding how they use electricity, what investments they choose to make in Consumer Energy Resources (CER), and how they pay for electricity.

Tariffs should incentivise efficient energy use and efficient investments.

2.1. SOLAR SHARER OFFER (SSO)

The proposed Solar Sharer Offer (SSO) is intended to offer zero priced energy during three hours each day.

We understand that this tariff is aimed at providing the benefits of solar PV to those customers who do not have solar PV, and this is welcomed if it is actually achieved. On the other hand, the benefits may largely accrue to those with storage batteries to which vulnerable customers and renters are unlikely to have access.

It would be inequitable for such a tariff to be available to Energex area customers but not Ergon Energy area customers.

It could be inequitable for this tariff structure to be available only to customers with smart meters if there are barriers to installation of smart meters that it is difficult for customers (especially vulnerable customers) to overcome. These barriers may include costs of upgrading meter boards and customers in rental accommodation who do not have agency.

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We are yet to see how retailers will recover costs. For example, cost recovery may occur through higher supply charges, negating the savings to households (and removing incentive and cost benefits of energy efficiency and demand response). QCA should consider reducing or excluding unfair and counterproductive cost recovery in its methodology.

QCA should proceed to a draft determination including a solar sharer tariff option.

QCA should remain open to a further decision on whether solar sharer is included in the QCA final determination, depending on national progress with regulatory update, and AER DMO considerations on solar sharer.

2.2. ELECTRIC VEHICLE (EV) TARIFFS

It is unclear why a separate EV tariff is warranted in the Ergon Energy area. As set out on the Ergon Energy Retail website:

Did you know you can choose from different electricity tariffs to charge your EV? Whether you prefer a simple flat rate, time-based or demand-based tariff to save money, we've got a range of options and tariff types to suit your needs! Check out our current [tariffs](#).

Need help picking the best one? Our local energy experts are happy to help - just give us a call on 13 10 46.⁵

Outside the Ergon Energy area, in SEQ and elsewhere in the National Electricity Market (NEM), competitive retailers are marketing "EV plans", which include other benefits in addition to electricity purchase tariffs. Calling something an EV plan or EV tariff is good for marketing to attract EV drivers to the plan or tariff with that particular retailer, as against another retailer's plan that isn't specifically labelled as being "EV", and which may be equally or better suited to the EV driver; this is not necessary in the Ergon Energy area.

If Ergon Energy Retail proposes an EV tariff, then QCA should consider it in a consultative process that takes into account what protections customers ought to be afforded on this tariff. It should be an additional tariff, not mandatory for EV users. Importantly, it should add to, and not take away from, consumer choice. That way, there should be no customer detriment that results from having an additional EV tariff in place.

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See <https://www.ergon.com.au/retail/residential/solar-batteries-evs/electric-vehicles>

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2.3. STANDING OFFER ADJUSTMENT (SOA)

In recent years, QCA has incorporated into notified prices a standing offer adjustment (SOA), supposedly “to reflect the value of more favourable terms and conditions in standard contracts relative to market contracts”.⁶ QCA has also previously claimed: “The inclusion of the SOA is consistent with the ministerial delegation.”⁷

We have not supported the idea of SOA since its inception. It has no transparency, and there is no basis of fact that customers attribute this or any value to standard contracts as against market contracts.

The Standing Offer Adjustment (SOA) should be removed from the notified prices determination for 2026-27.

2.4. DEFAULT MARKET OFFER (DMO) COMPARISON

In previous years, the notified prices calculations undertaken by QCA have been found to reach a level higher than the equivalent DMO prices set by AER in the Energex area. On that basis, QCA has adjusted the notified prices to lower them by making an adjustment to the SOA.

QCA should continue to adopt an N+R approach to setting notified prices, with DMO adjustment, but it has nothing to do with the SOA.

QCA should continue to apply a DMO adjustment, but divorce it from the SOA which would cease to exist, and instead the DMO adjustment can be called simply DMO adjustment which restores transparency.

We emphasise the point that the Minister’s Delegation and Letter only point to SOA as being a mechanism for DMO adjustment for Uniform Tariff Policy (UTP) purposes. There is no merit or delegation basis for retaining the SOA for any other purpose than for DMO parity for the UTP.⁸

This is compatible with the letter from the Minister accompanying the delegation which refers to adjustment of the notified prices so they are not higher than the equivalent SEQ DMO. While the letter refers to applying a “SOA adjustment”, replacing this with a “DMO adjustment” is mathematically identical.

⁶ This wording has been present in QCA’s reports over several years. Most recently see QCA’s Final Determination of notified prices for 2025-26, section 5.1, page 30.

⁷ See for example QCA’s Final Determination of notified prices for 2025-26, section 5.1 – Standing offer adjustment – small customers, page 30, footnote 97

⁸ Under the UTP in operation in Queensland, subsidies of \$604 million were provided in 2024-25 through Community Service Obligations (CSO), so that regional consumers can access electricity on a fair and reasonable basis (including \$94 million for isolated communities).

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2.5. USING DMO PRICES IN THE ERGON ENERGY AREA

The Minister's letter contemplates an option (which is not the Minister's stated preferred approach) for DMO tariffs to be used directly in the Ergon Energy area, instead of QCA calculations that are then adjusted.⁹

Whether or not the AER calculates DMO set tariffs, we consider that going forward DMO tariffs are not fit for purpose for notified prices in the Ergon Energy area:

- Retail energy pricing is fundamental to economic development, sustainability, cost of living and viability of residential and small business customers. Uniquely in the NEM, in the Ergon Energy area there is no effective retail competition in the supply of electricity, which is an essential service. Reflecting this unique position, it is important for retail price regulation in the Ergon Energy area to be retained under Queensland jurisdiction, in accord with the Australian Energy Market Agreement (AEMA).¹⁰
- DMO tariffs are designed for use where there is full effective competition (i.e. where customers have a real choice between competitive market offers). This is a small proportion of customers. DMO tariffs are not designed for customers who have no effective competitive market offer choice, as in the Ergon Energy area.
- There is no certainty that the DMO will continue, especially if the number of customers on standing offers decreases further. It may be considered in future that (as was the case in the past) retail competition is effective, and no retail price regulation is required in DMO jurisdictions. In contrast, notified prices are needed while there is no effective competition in the Ergon Energy area and all residential and small business customers are affected.

In accord with the Minister's stated preferred approach, QCA should continue to adopt a Network plus Retail (N+R) approach to setting notified prices, with DMO adjustment, and not SOA adjustment.

2.6. RETAIL COSTS UPDATE

Retail costs relate to the costs of running a retail business. They include:

- Operating costs: the administrative costs of servicing existing customers and acquiring new customers (e.g. costs related to operating call centres, operating billing systems and collecting revenue); and
- A retail margin: the return to investors for a retailer's exposure to systematic risk associated with providing retail electricity services.

⁹ Using DMO tariffs directly would only be an option if / when the AER calculates DMO set tariffs, which may or may not be for 2026-27.

¹⁰ See <https://www.energy.gov.au/energy-and-climate-change-ministerial-council/energy-ministers-publications/australian-energy-market-agreement-amended-december-2013>, which included "Agreement that the AER will be responsible for the regulation of distribution and retailing (other than retail pricing)".

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QCA established benchmark retail cost allowances in 2016-17. QCA then reviewed the benchmarks in its 2021-22 notified price review, and revised the small customer allowances using updated market information.

Using this benchmark, QCA has estimated retail costs for small customers each year with fixed and variable components:¹¹

- The fixed component was set by QCA in its 2021-22 notified price review, and it has been adjusted for inflation each year since.
- The variable component was maintained each year at 7.25% for residential customers.

The benchmarks on which QCA has been relying to estimate retail costs are somewhat old and outdated.

QCA should now undertake a full bottom-up reanalysis of retail costs for 2026-27, rather than simply reapplying the previous years' benchmarks and methodology for annual update. The retail costs should then be set at the lower of

- Re-application of the previous years' methodology; and
- New bottom-up assessment.

It is noted that customers are nowadays encouraged to move to increasing "self-service", and this should be taken into account in re-evaluation of retail costs.

2.7. COMPARISON OF ACTUAL PRICES IN THE ERGON ENERGY AREA VS THE ENERGEX AREA

On 26 May 2025, the AER reported that only 8.9% of residential customers in SEQ are on standing offers.¹²

QCA has been monitoring the SEQ retail electricity market annually since 2016-17.¹³ QCA's latest SEQ retail electricity market monitoring report¹⁴ states:

We compared and assessed trends in bills for residential and small business customers from 2015-16 to 2024-25, based on annual bills (in nominal dollars) weighted by retailer market share. Weighted average standing offer bills were always higher than weighted average market offer bills.¹⁵

¹¹ Source: QCA's Final Determination of notified prices for 2025-26, section 4.2.2 – Retail costs, page 25

¹² Source: <https://www.aer.gov.au/news/articles/news-releases/final-determination-2025-26-safety-net-prices-nsw-sa-and-se-qld>

¹³ See <https://www.qca.org.au/project/customers/seq-market-monitoring>

¹⁴ SEQ retail electricity market monitoring 2024-25, Report, published December 2025

¹⁵ See page 1 of the report

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Standing offers in the Ergon Energy have been set at the level of the DMO applicable in the Energex area. As quoted above, QCA's own market monitoring shows that weighted average standing offer bills in SEQ were always higher than weighted average market offer bills, and thus notified prices (paid by Ergon Energy customers) are always higher than the weighted average bills of the 91% of customers in the Energex area who are on market offers.

In the spirit of the Uniform Tariff Policy, QCA should seek to keep notified prices in the Ergon Energy area lower, given the lower prices paid by 91% of customers in the Energex area.

2.8. COMPETITIVE NEUTRALITY

Origin Energy has entered the market in some regional cities, offering tariffs that seem to be priced \$20 below notified prices (with their own market terms and conditions). QCA should take care not to cause imbalance to this embryonic competitive retail environment in the Ergon Energy area.