

12 May 2026

Mr Charles Millstead  
Chief Executive Officer  
Queensland Competition Authority  
Via email: [charles.millstead@qca.org.au](mailto:charles.millstead@qca.org.au)

CC:  
Hon David Crisafulli MP, Premier of Queensland  
Hon David Janetzki MP, Treasurer of Queensland, Minister for Energy and Minister for Home Ownership  
Ms Clare Savage, Chair, Australian Energy Regulator

Dear Mr Millstead

**RE: Interim Consultation Paper – 2026-27 regulated retail electricity prices & tariffs for regional Queensland**

The Queensland Electricity Users Network (QEUN) advocates for small business, farmers and residential consumers, with a particular emphasis on consumers located in regional Australia. We advocate for affordable and reliable electricity from a *resilient* National Electricity Market where the pace of the transition to a higher percentage of renewable energy in the generation mix is not at the expense of the economy, jobs or reasonable living standards.

QEUN is active in energy consumer advocacy at both a state and national level.

As an energy consumer advocate based in regional Queensland, the Queensland Electricity Users Network appreciates the opportunity to provide a submission to the Queensland Competition Authority (QCA) on its Interim Consultation Paper on *2026-27 regulated retail electricity prices for regional Queensland (Ergon Retail prices)*.

The QCA's Interim Consultation Paper on 2026-27 Ergon Retail prices was only published on 20 January 2026 with submissions closing on 13 February 2026. Should time allow the QEUN intends to provide a further submission.

However, **there is an urgent matter** that cannot wait as the appointment of a single consultant to estimate the Total Energy Cost significantly impacts both the QCA's *Draft 2026-27 Ergon Retail prices* and the Australian Energy Regulator's *Draft 2026-27 Default Market Offer (DMO 8)*. **Both Drafts are due to be published in March 2026.**

It is typical for the QCA and the AER to use the same consultant to estimate the Total Energy Cost (TEC).

The consultant uses a proprietary program to estimate the TEC.

**The TEC represents over 40% of a power bill for a typical residential or small business customer of Ergon Retail.**

The appointment of a single consultant to estimate the TEC effectively provides a single consultant with the power to influence the largest component of a power bill for around 1.3 million residential and small business customers in Queensland, New South Wales and South Australia. This is not acceptable to residential or business customers.

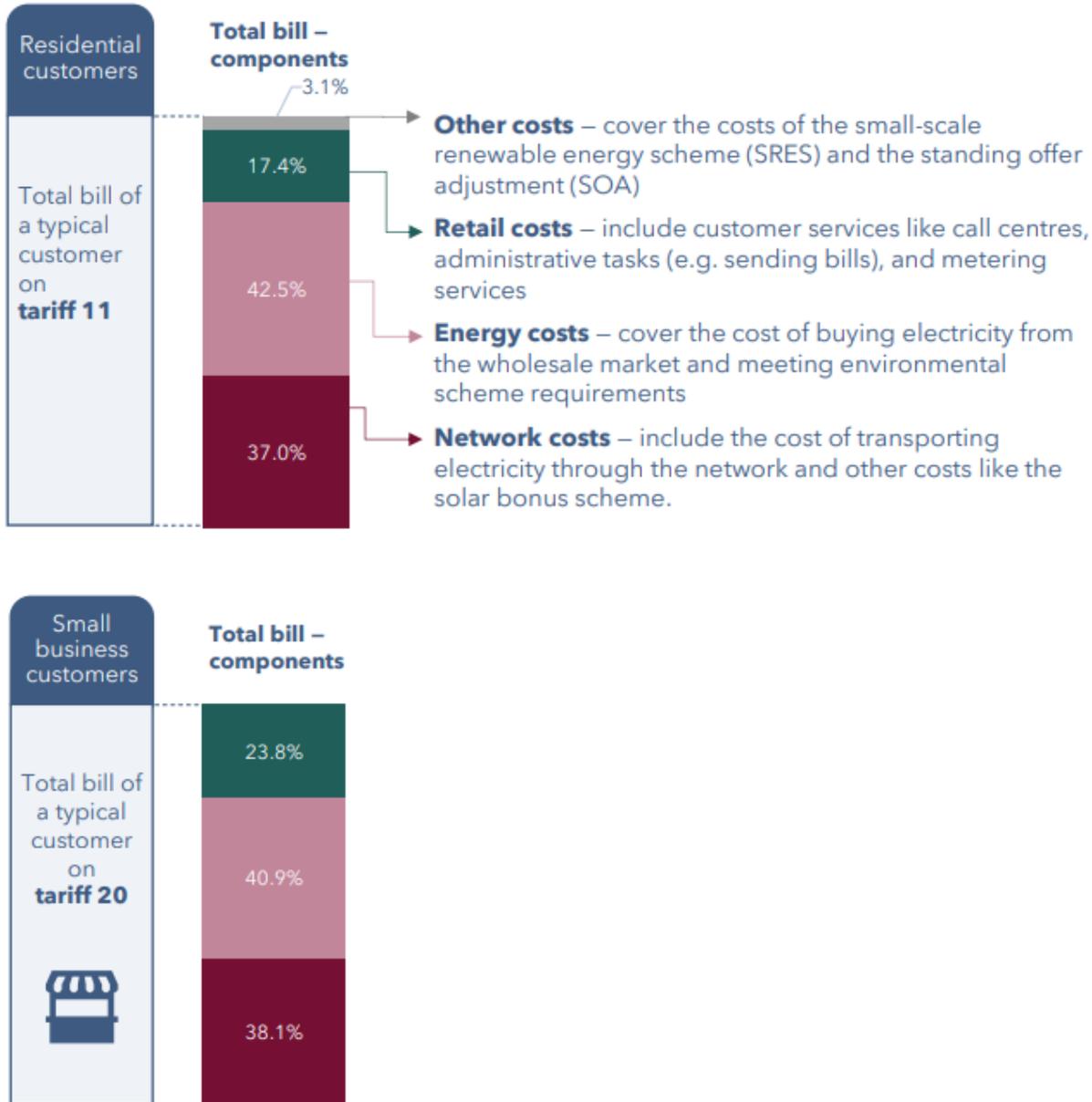
Especially since on 23 January 2026 the Federal Government confirmed with the publication of its Solar Sharer Offer Consultation Outcomes Paper, that the Solar Sharer Offer (SSO) would definitely take effect from 1<sup>st</sup> July 2026, and consideration was being given to making an SSO or equivalent option available in other areas.

The SSO will impact on how the single consultant estimates the Total Energy Cost. However, the impact on the TEC and various customer classes is unknown as the Federal Government has not released the modelling used to support its decision to introduce the SSO. For transparency reasons all modelling needs to be released and the QCA and the AER need to appoint a second consultant to estimate the Total Energy Cost for Ergon Retail prices and the DMO 8.

Figure 1: Cost components of a 2025-26 power bill for a typical Ergon Retail residential and small business customer

# Cost components of an electricity bill

Individual cost components are included in the build-up of notified prices.



Source: Information Booklet, Final determination 2025-26 Regulated retail electricity prices, Queensland Competition Authority

## A single consultant appointed by QCA & AER strongly influences the power bills paid by around 7 million customers

Around 1.3 million customers are *directly* impacted by the decisions made by the QCA on Ergon Retail prices (around 750,000) and the AER on the DMO 8 (around 570,000).

Ergon Retail and DMO 8 customers need to have confidence the largest component of their power bill – the Total Energy Cost - is not being overstated by the single consultant appointed by both the QCA and the AER to estimate the Total Energy Cost.

Customers need transparency on the inputs and assumptions used by the consultant to estimate the TEC.

Transparency would allow the modelling carried out by the consultant to be scrutinised ie how reasonable are the inputs and assumptions used by the consultant to estimate the TEC?

In the absence of lower costs for the other major components of a power bill ie network and retail costs, a higher Total Energy Cost component will increase the total power bill.

It is highly likely the network and retail components of a power bill will substantially increase going forward due significant increases in network regulated asset bases and higher retail costs due to electricity retailers managing more customers on hardship programs & payment plans.

Therefore, it is imperative customers have confidence that the Total Energy Cost component is reasonable.

The TEC needs to be reasonable as the TEC estimate *directly*, and strongly influences, the total power bill paid by around 1.3 million residential and small business customers in Queensland, New South Wales and South Australia.

However, as the DMO has acted as a 'reference price' since 2019, the single consultant's TEC estimate has *indirectly*, but strongly influenced, the total power bill paid by nearly 6 million residential and small business customers on non-DMO contracts in Queensland, New South Wales and South Australia.

Following a recent Federal Government review of the DMO framework, changes will be made to DMO 8 providing the Regulations are adopted in time. If there is a delay and the recommended changes to the Regulations are not adopted, the AER will need to publish the DMO 8 draft determination in accordance with the current Regulations.

Whether or not the draft and final 2026-27 DMO use the current or new Regulations, there is no indication that the AER intends to appoint a second consultant to estimate the Total Energy Cost, despite the new complexities introduced by the incorporation of the Solar Sharer Offer in the DMO.

The incorporation of the SSO into the DMO also impacts around 750,000 residential and business customers of Ergon Retail in regional Queensland.

In a letter dated 19 January 2026 from the Queensland Energy Minister to the Queensland Competition Authority regarding the Ministerial Delegation to QCA to set 2026-27 Ergon Retail prices and tariffs it states:

*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.***

The letter further states:

*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.*

The Minister’s letter confirms the setting of Ergon Retail prices and tariffs by the QCA is directly and strongly linked to the DMO ie the higher the DMO for Southeast Queensland, the higher the electricity prices and tariffs paid by residential and business customers of Ergon Retail in regional Queensland.

It is therefore imperative that regional Queensland customers of Ergon Retail have confidence that the Total Energy Cost component – which represents over 40% of their power bills – is a reasonable estimate.

To add some context to customers’ concerns about the TEC - the volume weighted Wholesale Energy Cost (WEC) for Ergon Retail power bills estimated by the single consultant over the past 14 years has ranged from a of low of \$41.59/MWh (2012-13) to a high of \$171.87/MWh (2023-24) and in 2025-26 is \$155.47/MWh (Table 1, 2 and 3).

**Table 1: Total Energy Cost (TEC) estimated by the single consultant for 2025-26 Ergon Retail power bills**

	WEC at Qld reference node (\$/MWh)	Renewable energy costs at Qld reference node (\$/MWh)	Other costs Qld reference node (\$/MWh)	Total transmission and distribution loss factor (MLF x DLF)	Network losses (\$/MWh)	TEC at the customer terminal (\$/MWh)	Change from 2024-25 Final Determination (\$/MWh)	Change from 2024-25 Final Determination (%)
Energex – Residential and small business	\$155.47	\$112.6	\$4.58	1.061	\$10.45	\$181.76	-\$12.99	-6.67%
Energex – Controlled load tariff 9000 (31)	\$103.88	\$112.6	\$4.58	1.061	\$7.30	\$127.02	\$423	3.44%
Energex – Controlled load tariff 9100 (33)	\$111.89	\$112.6	\$4.58	1.061	\$7.79	\$135.52	\$456	3.48%
Energex – unmetered supply	\$155.47	\$112.6	\$4.58	1.061	\$10.45	\$181.76	-\$12.99	-6.67%
Ergon Energy – CAC and ICC	\$101.35	\$112.6	\$3.39	1.013	\$1.51	\$117.51	-\$0.91	-0.77%
Ergon Energy – SAC demand and street lighting	\$115.11	\$112.6	\$3.39	1.076	\$9.86	\$139.62	-\$2.12	-1.50%
Energex – Small business primary load control tariff	\$131.17	\$112.6	\$4.58	1.061	\$8.97	\$155.98	\$12.19	8.48%
Ergon – Large business primary and secondary load control tariffs	\$111.89	\$112.6	\$3.39	1.076	\$9.62	\$136.16	\$6.09	4.68%
<b>Energex - Residential and small business - Time varying tariffs</b>								
Time varying 1- Night	\$153.95	\$112.6	\$4.58	1.061	\$10.36	\$180.15	-\$5.89	-3.17%
Time varying 1 - Day	\$41.69	\$112.6	\$4.58	1.061	\$3.51	\$61.04	-\$23.45	-27.75%
Time varying 1- Evening Peak	\$253.43	\$112.6	\$4.58	1.061	\$16.43	\$285.70	\$1.26	0.44%
Time varying 2- Shoulder (Night)	\$141.43	\$112.6	\$4.58	1.061	\$9.59	\$166.86	NA	NA
Time varying 2 – Off-peak (Daylight)	\$36.01	\$112.6	\$4.58	1.061	\$3.16	\$55.01	NA	NA
Time varying 2- Peak (Evening)	\$235.80	\$112.6	\$4.58	1.061	\$15.35	\$266.99	NA	NA
Time varying 3- Shoulder (Night)	\$142.64	\$112.6	\$4.58	1.061	\$9.67	\$168.15	NA	NA
Time varying 3 – Off-peak (Daylight)	\$39.86	\$112.6	\$4.58	1.061	\$3.40	\$59.10	NA	NA
Time varying 3- Peak (Evening)	\$245.54	\$112.6	\$4.58	1.061	\$15.94	\$277.32	NA	NA

Note: The values exclude the fixed NEM Fees cost of \$0.27 per week per customer – which averages about \$1-2/MWh depending on the level of consumption.

Source: ACIL Allen analysis

**Table 2: Total Energy Cost (TEC) estimated by the single consultant for main Ergon Retail residential tariff – Tariff 11**

Residential Power Bill Tariff 11	Fixed Service Charge cents/day GST exclusive	Annual Fixed Service Charge \$ GST exclusive	Variable Usage Charge cents/kWh GST exclusive	Median Annual Usage kWh/ year	Annual VARIABLE Usage Charge (based on median kWh/yr) \$ GST exclusive	Total Annual Bill Fixed + Variable \$ GST exclusive	Total Annual Bill Fixed + Variable \$ GST Inclusive	Ratio Fixed to Variable Charges %	Total Energy Cost (TEC) \$/MWh	Wholesale Energy Price (part of TEC) \$/MWh	AEMO Average Annual Qld Wholesale Energy Price \$/MWh
2012-13	26.17	\$96	23.071	4,250	\$981	\$1,076	\$1,184	9/91	\$57.96	\$41.59	\$67.02
2013-14	50.219	\$183	26.73	4,250	\$1,136	\$1,319	\$1,451	14/86	\$63.44	\$47.74	\$58.42
2014-15	83.414	\$304	25.378	4,100	\$1,040	\$1,345	\$1,479	23/77	\$77.14	\$62.26	\$52.52
2015-16	106.728	\$390	22.238	4,053	\$901	\$1,291	\$1,420	30/70	\$79.14	\$63.73	\$59.99
2016-17	89.572	\$327	24.61	4,203	\$1,034	\$1,361	\$1,497	24/76	\$94.45	\$75.32	\$93.12
2017-18	87.133	\$318	25.89	4,173	\$1,080	\$1,398	\$1,538	23/77	\$129.39	\$103.11	\$72.87
2018-19	88.948	\$325	25.298	4,184	\$1,058	\$1,383	\$1,521	23/77	\$120.17	\$99.10	\$80.29
2019-20	90.345	\$330	23.661	3,738	\$884	\$1,214	\$1,336	27/73	\$116.06	\$89.16	\$53.41
2020-21	90.676	\$331	21.756	4,061	\$884	\$1,214	\$1,336	27/73	\$105.14	\$80.90	\$61.81
2021-22	88.392	\$323	19.782	4,210	\$833	\$1,155	\$1,271	28/72	\$91.83	\$67.76	\$162.06
2022-23	90.408	\$330	22.135	4,296	\$951	\$1,281	\$1,409	26/74	\$125.01	\$94.93	\$144.97
2023-24	109.521	\$400	30.227	4,468	\$1,351	\$1,750	\$1,925	23/77	\$205.42	\$171.87	\$87.80
2024-25	124.243	\$453	30.972	4,492	\$1,391	\$1,845	\$2,029	25/75	\$194.75	\$162.95	\$109.54
2025-26	153.493	\$560	29.975	4,116	\$1,234	\$1,794	\$1,973	31/69	\$181.76	\$155.47	\$65.37*

Note \* Year-to- date FY 2025-26 as of 11 February 2026. AEMO average annual wholesale prices are time weighted not volume weighted.

Sources:

Final Determinations 2012-13 to 2025-26 regulated retail electricity prices for regional Queensland, Queensland Competition Authority and AEMO Data Dashboard

**Table 2: Total Energy Cost (TEC) estimated by the single consultant for main Ergon Retail small business tariff - Tariff 20**

Small Business Power Bill Tariff 20	Fixed Service Charge cents/day GST exclusive	Annual Fixed Service Charge \$ GST exclusive	Variable Usage Charge cents/kWh GST exclusive	Median Annual Usage kWh/ year	Annual VARIABLE Usage Charge (based on median kWh/yr) \$ GST exclusive	Total Annual Bill Fixed + Variable \$ GST exclusive	Total Annual Bill Fixed + Variable \$ GST Inclusive	Ratio Fixed to Variable Charges %	Total Energy Cost (TEC) \$/MWh	Wholesale Energy Price (part of TEC) \$/MWh	AEMO Average Annual Qld Wholesale Energy Price \$/MWh
2012-13	107.434	\$392	20.010	7,480	\$1,497	\$1,889	\$2,078	21/79	\$57.96	\$41.59	\$67.02
2013-14	130.161	\$475	23.218	5,375	\$1,248	\$1,723	\$1,895	27/73	\$63.44	\$47.74	\$58.42
2014-15	140.437	\$513	23.585	5,375	\$1,268	\$1,780	\$1,958	29/71	\$77.14	\$62.26	\$52.52
2015-16	130.556	\$477	22.481	5,923	\$1,332	\$1,808	\$1,989	26/74	\$79.14	\$63.73	\$59.99
2016-17	127.879	\$467	25.968	6,422	\$1,668	\$2,134	\$2,348	22/78	\$94.45	\$75.32	\$93.12
2017-18	120.499	\$440	27.718	6,776	\$1,878	\$2,318	\$2,550	19/81	\$129.39	\$103.11	\$72.87
2018-19	122.963	\$449	26.442	6,835	\$1,807	\$2,256	\$2,482	20/80	\$130.17	\$99.10	\$80.29
2019-20	124.936	\$456	24.432	6,866	\$1,678	\$2,134	\$2,347	21/79	\$116.06	\$89.16	\$53.41
2020-21	128.266	\$468	23.258	6,831	\$1,589	\$2,057	\$2,263	23/77	\$105.14	\$80.90	\$61.81
2021-22	121.032	\$442	22.551	6,443	\$1,453	\$1,895	\$2,084	23/77	\$91.83	\$67.76	\$162.06
2022-23	123.14	\$449	25.408	6,580	\$1,672	\$2,121	\$2,333	21/79	\$125.01	\$94.93	\$144.97
2023-24	142.18	\$519	34.319	4,891	\$1,679	\$2,197	\$2,417	24/76	\$205.42	\$171.87	\$87.80
2024-25	149.92	\$547	33.264	4,974	\$1,655	\$2,202	\$2,422	25/75	\$194.75	\$162.95	\$109.54
2025-26	182.788	\$667	32.365	5,222	\$1,690	\$2,357	\$2,593	28/72	\$181.76	\$155.47	\$65.37*

Note \* Year-to- date FY 2025-26 as of 11 February 2026. AEMO average annual wholesale prices are time weighted not volume weighted.

Sources:

Final Determinations 2012-13 to 2025-26 regulated retail electricity prices for regional Queensland, Queensland Competition Authority and AEMO Data Dashboard

**Step changes to the DMO framework necessitate the appointment of a second consultant to estimate the TEC**

The 2026-27 TEC estimate for DMO 8 and Ergon Retail prices and tariffs is not business as usual like the past 14 years.

The introduction of the Solar Sharer Offer represents a Step Change to the DMO which all industry stakeholders are grappling with, especially electricity retailers who typically hedge 2 to 3 years in advance of their customers' consumption.

The SSO Step Change combined with the Federal Government's proposed changes to the DMO framework necessitate the appointment of a second consultant to estimate the Total Energy Cost.

Without a second consultant, the Queensland and Federal Governments, together with the Queensland Competition Authority and the Australian Energy Regulator, are asking electricity customers to accept a single consultant's estimate for the largest component of their power bill – the Total Energy Cost.

Given major changes to the DMO are due to be implemented from 1<sup>st</sup> July 2026, we do not believe 7 million electricity customers in Queensland, New South Wales and South Australia are, or should be willing to, accept one TEC estimate.

Previously there were limited options for a second consultant.

We understand this has changed and there are now at least two other consultants capable of providing a TEC estimate.

We strongly recommend the urgent appointment of a second consultant to estimate the 2026-27 TEC for both Ergon Retail prices and DMO 8.

We would welcome the opportunity to discuss our submission further.

Yours faithfully

A handwritten signature in blue ink that reads 'J. Brownie'.

Jennifer Brownie

Coordinator

Queensland Electricity Users Network