

Regulated Electricity Prices

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The Queensland Government is committed to ensuring all Queenslanders have access to an affordable electricity supply, regardless of their geographic location. In order to achieve this, each year the Government sets regulated electricity retail prices known as the notified prices, often referred to as uniform tariffs, which apply to non-market customers across the State.

Non-market customers are those that have not entered into a negotiated contract with a retailer of their choice¹.

Under section 90 of the Electricity Act 1994, the Minister for Mines and Energy is responsible for setting the notified prices to be charged to non-market electricity customers by a retailer. Generally, the prices are in the form of a schedule of tariffs, which also contains conditions for the application of the tariffs.

The schedule of electricity tariffs for non-market customers which applies from 1 July 2008 is available from the Department of Mines and Energy website at http://www.energy.qld.gov.au/zone_files/Electricity/tariff_may_08.pdf

Annual indexation of regulated prices

A Benchmark Retail Cost Index (BRCI) has been used to escalate the 2007-08 tariffs to determine the tariffs applying in the 2008-09 financial year. This new index for annual tariff adjustments has replaced the Consumer Price Index which was used in the years preceding 2007-08. An overriding principle of the BRCI methodology is that changes in electricity prices should reflect changes in cost of supplying electricity, rather than changes in the economy as a whole.

The responsibility for calculating the BRCI has been delegated to the Queensland Competition Authority (QCA), the State's independent economic regulator. Following a period of consultation, the QCA published its final calculation of the BRCI on 30 May 2008. The final calculation is available at www.qca.org.au.

In accordance with the QCA's final calculation of the BRCI, the regulated electricity tariffs increased by 5.38 per cent on 1 July 2008. The increase in prices is due primarily to:

- an increase in energy costs of 5.5 per cent (accounting for 44 per cent of the total change)
- an increase in the transmission and distribution costs of 5.7 per cent (accounting for 50 per cent of the total change)
- an increase in retail costs of 3.5 per cent (which accounts for only 6 per cent of the total change).

Price rises in other States

The prolonged drought across eastern Australia has also caused significant increases in electricity prices in other Australian States and Territories. For example, in recent months the following increases in regulated electricity prices for residential electricity customers have been announced:

- New South Wales – 24 per cent over three years from 1 July 2007
- Australian Capital Territory – around 7.1 per cent from 1 July 2008
- South Australia – 6.8 per cent from 1 January 2008
- Tasmania – 15.7 per cent from 1 January 2008 and a further 3.9 per cent from 1 July 2008

¹ For more information on contract types, refer to the *Electricity Retail Contracts and Prices* fact sheet.

Rebates and concessions

A Queensland Government Electricity Rebate is available to eligible pensioners and seniors. Further details, including the conditions and eligibility criteria, are set out in Part 5 of the schedule of electricity tariffs for non-market customers at http://www.dme.qld.gov.au/zone_files/Electricity/gazette_6_june_08.pdf From 1 July 2008, this rebate also increased by almost 14 per cent (to \$12.49/month excluding GST).

Electricity retailers administer the rebate on behalf of the Department of Communities. Customers should contact their retailer if they believe they are eligible for the rebate.

The Queensland Government also provides an Electricity Life Support Concession directly to eligible persons who are seriously ill and use an electrical home-based life support machine (e.g. oxygen concentrator or kidney dialysis machine) supplied by Queensland Health. Further details of the concessions, including the conditions and eligibility criteria, are available from the Concessions Unit of the Department of Communities on telephone (07) 3247 5941 or the Department of Communities website at <http://www.communities.qld.gov.au/community/concessions/>.

The Queensland Government has also established a Home Electricity Emergency Assistance scheme to help electricity customers who are facing a financial crisis pay their electricity account. The scheme is currently being developed and is expected to be operational in late 2007.

Benefits of retail competition

Since the introduction of full retail competition on 1 July 2007, Queensland electricity customers now have the opportunity to choose which retailer they purchase their electricity from. Many customers have been able to negotiate a lower price or a better deal with their existing retailer or a retailer of their choice. Customers contemplating a change should shop around to find the deal that best suits their needs.

However customers can choose to stay on the Government-regulated uniform tariffs. And small customers² will also be able to test the market with confidence, knowing that they can return to the regulated electricity tariffs if they choose, once any market contract has expired³.

Since 1 July 2007 market competition has been most intense in the south-east corner of the State, as this is the most commercially attractive market. Customers outside south-east Queensland might not receive a competitive offer in the short-term. However, this is expected to change over time as new retailers become established in the Queensland market.

Customers who do not enter a market contract will continue to be supplied by their existing retailer at the uniform tariff. Ergon Energy will continue to receive community service obligation payments from the Queensland Government to subsidise the cost of electricity to regional and remote parts of the State where the cost of supplying electricity exceeds the regulated tariffs.

To find out more about full retail competition call 1800 657 567 (freecall during business hours) or visit www.thepowertochoose.qld.gov.au

² Small customers are those that consume up to 100 megawatt hours of electricity per annum. For more information about the classification of customers refer to the *Classification of Customers* fact sheet.

³ For more information about which customers are entitled to return to the notified prices, refer to the fact sheet titled *Which customers can access the regulated Statewide uniform tariffs?*

For more information on contract types, refer to the *Electricity Retail Contracts and Prices* fact sheet.