

7 January 2013

Mr Gary Henry  
Director, Electricity and Gas  
Queensland Competition Authority  
GPO Box 2257  
Brisbane QLD 4001



Dear Mr Henry,

Energex Submissions to Consultation Papers – Regulated Retail Electricity Prices 2013/14

Energex is pleased to provide its response to the Authority's Transitional Issues Consultation Paper, issued on 2 November 2012, and Cost Components Consultation Paper, issued on 12 December 2012, for the Regulated Retail Electricity Prices 2013/14.

In response to both consultation papers, Energex has addressed the specific questions where the Authority is seeking stakeholders' views. The response to the Transitional Issues Consultation Paper is limited to comments on network issues and is focused on matters Energex believes should be considered regarding transitional arrangements for Tariff 11 and the practical constraints that may impact on transitional arrangements for obsolete tariffs. The Cost Components Consultation Paper response is similarly limited to network issues with comments pertaining to network tariff development, alignment between retail and network tariffs and access to obsolete tariffs.

Energex appreciates the opportunity to participate in the consultation process to inform 2013/14 retail electricity prices and would be pleased to discuss these matters further. Should you have any enquiries, please contact Roger Dunstan on (07) 3664 4531.

Sincerely,



Kevin Kehl  
Executive General Manager  
Customer and Corporate Relations

Attachment 1. Transitional Issues Consultation Paper response  
Attachment 2. Cost Components Consultation Paper response

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Regulated Retail Electricity Prices 2013/14

**Response to Queensland Competition Authority  
– Transitional Issues Consultation Paper**

**7 January 2013**



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# Table of contents

<b>Introduction</b>	<b>ii</b>
<b>Transitional Arrangements for Tariff 11</b>	<b>1</b>
<b>Transitional Arrangements for Obsolete Tariffs</b>	<b>1</b>
<b>Glossary</b>	<b>2</b>

## Introduction

Energex Limited (Energex) welcomes the opportunity provided by the Queensland Competition Authority (the Authority) to submit comments in response to its *Consultation Paper on Regulated Retail Electricity Prices 2013/14 Transitional Issues* (the Paper).

Energex fully supports a robust and consultative approach to electricity pricing reform and appreciates the opportunity to participate in the Authority's Public Consultation Process. Obtaining the understanding and support of customers in our distribution area is a major consideration for Energex when reviewing tariffs and implementing reforms.

The Paper contains specific questions where the Authority is seeking stakeholders' views, including some questions specifically for Ergon Energy and Energex.

Energex's comments and responses are limited to the specific questions raised by the Authority regarding network issues. As such, comments are directed to identifying issues Energex believes the Authority should consider when determining transitional arrangements for Tariff 11 and the practical constraints that may impact on transitional arrangements for customers' transition from obsolete to cost reflective tariffs.

In September 2012, the Authority published an Interim Consultation Paper; Energex's submission in response to this paper can be found on the Authority's website.

## Transitional Arrangements for Tariff 11

- **What other issues should the Authority consider regarding the transition to cost reflective charges for Tariff 11?**

Energex supports transitioning Tariff 11 to cost-reflective levels, particularly the fixed charge. The current variance between the fixed charge for Tariff 12 and Tariff 11 has diminished the appeal of Tariff 12.

Energex notes that the effectiveness of any approach to pricing Tariff 12 will be enhanced through the equivalent treatment of these two tariffs. As such, in determining the transitional arrangements for Tariff 11, Energex would encourage the Authority to be mindful of the impact these arrangements will have on the appeal of Tariff 12.

## Transitional Arrangements for Obsolete Tariffs

- **Are there any remaining practical constraints that would prevent customers on obsolete tariffs from moving to cost reflective tariffs in 2013/14?**
- **If so, what period of time is needed to address these constraints?**

As at 21 December 2012, there are 3,131 customers in the Energex distribution area who will require meter replacement and/or reprogramming to transition from obsolete to ongoing notified tariffs. Under current processes, requests for tariff changes must come to Energex via a customer's retailer.

With consideration of business as usual activities, Energex estimates that undertaking all required meter changes would take approximately three to six months to complete. Any extraordinary work that occurs would impact on this timeframe. In the interim, some customers will continue accessing obsolete tariffs or tariffs with peak and off-peak times different to the tariff conditions.

A staged approach to undertaking meter replacement and/or reprogramming is required for Energex to effectively manage its workload and avoid unnecessary costs. Any approach would need to be agreed to by Retailers who trigger the meter replacement / reprogramming process. Energex would encourage the Authority to consider the development of a transition plan in consultation with Distributors and Retailers.

## Glossary

The Authority	The Queensland Competition Authority
The Paper	The Authority's Consultation Paper on Regulated Retail Electricity Prices 2013/14 Transitional Issues