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Ref: JD/RC

28 February 2014

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

Email: electricity@qca.org.au

Dear Dr Roberts

SUBMISSION ON THE REGULATED RETAIL ELECTRICITY PRICES 2014–15: DRAFT DETERMINATION

Ergon Energy Corporation Limited (Ergon Energy), in its capacity as a Distribution Network Service Provider in Queensland, welcomes the opportunity to provide comment to the Queensland Competition Authority (QCA) on its Draft Determination for the *Regulated Retail Electricity Prices 2014–15*.

We appreciate the opportunity to present our Network Tariff Strategy at the regional workshops hosted by the QCA on the regulated retail electricity prices (Notified Prices) for 2014–15. We have received valuable feedback through this process which we will consider in finalising our Pricing Proposal for the Australian Energy Regulator.

Ergon Energy broadly supports the approach adopted by the QCA to determine the Notified Prices for 2014–15. Below are a few general comments in relation to the Draft Determination.

Network Tariff Strategy

In its Draft Determination, the QCA indicated that Ergon Energy has not proposed any new tariffs or changes in the structure of our network tariffs for 2014–15.¹ Ergon Energy recognises that this is true for the network tariffs used by the QCA in determining Notified Prices for large business customers, very large customers and street lighting customers.

However, as noted by the QCA, the way we calculate the network charges for Standard Asset Customer (SAC) – Large customers will change in 2014–15. That is, the current minimum monthly demand charge will be stopped. In its place, the revenue we currently collect through the demand charge will be collected through the fixed charge.

¹ Refer to page 12

Further, as part of our Network Tariff Strategy, we are proposing changes to other network tariffs in 2014–15 which will impact customers in our distribution area who are on, or are moving to, market contracts.²

To avoid any confusion, we consider that these distinctions should be made clear in the QCA's Final Determination.

Draft Tariff Schedule

The draft Tariff Schedule incorrectly states that it "... replaces the Tariff Schedule published in the Queensland Government Gazette on 29 June 2012".³ The correct date is 24 June 2013.

Also, Ergon Energy believes the draft Tariff Schedule could be improved by:

- Including a definition of 'metering point' in the notes section, given the Service Fee is charged daily per metering point.
- Removing the reference to "As a sole supply tariff at the absolute discretion of the distribution entity" in the description of Tariff 33. We do not support Tariff 33 being a sole supply tariff.
- Clarifying the difference between a 'Service Fee' and a 'Minimum Payment per day'.

Finally, as highlighted above, the minimum demand charge for SAC – Large customers will be removed from 1 July 2014. The QCA may wish to consider whether this impacts the Drought Relief provisions set out in Part 6 of the draft Tariff Schedule.

Should you require additional information or wish to discuss any aspect of this submission, please do not hesitate to contact me on (07) 3851 6416.

Yours sincerely



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² For further information on our proposed network tariff changes, refer to www.ergon.com.au/futurenetworktariffs.

³ Refer to Appendix H, page 98, Note 2