

Why is the QCA setting prices?

The Minister for Energy, Biofuels and Water Supply, the Hon Mark Bailey MP, has delegated the task of setting regulated prices to the QCA.

Why has the QCA released a second determination for regulated prices for 2017–18?

Following the release of the previous final determination on 31 May 2017, the Queensland Government directed Energy Queensland to remove charges for the Solar Bonus Scheme from network prices. The Minister then issued the QCA with a new delegation, so that the QCA could incorporate the revised network tariffs into regulated prices for 2017–18. The regulated prices published on 16 June 2017 replace those published on 31 May 2017.

High voltage business customer tariffs are changing

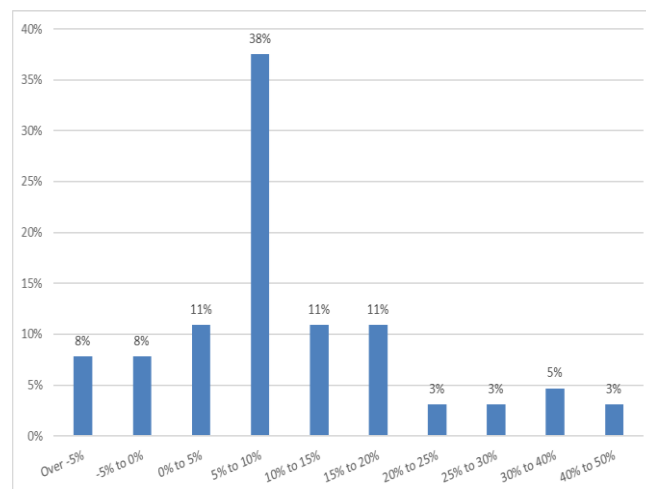
At present, around 65 customers are supplied on tariffs 47 or 48. However, from 1 July 2017, Ergon Distribution will discontinue the network tariff the QCA used to set tariffs 47 and 48.

As a result, the QCA has created new retail tariffs based on Ergon Distribution's Connection Asset Customer network tariffs. Customers currently on tariffs 47 and 48 will ultimately move to one of these new retail tariffs or an alternative large customer tariff.

You can find more information on the new tariffs on the next page.

Ergon Retail has calculated the potential bill impacts of changing to new tariffs for customers on tariffs 47 and 48 (see below). For the majority of those customers the bill impact is predicted to be 10 per cent or less.

Estimated bill impact for customers moving from tariffs 47 and 48 to the new high voltage tariffs



What can I do?

Your business may be able to benefit from these new tariffs, or to significantly reduce their impact, by renegotiating aspects of your connection contract, such as authorised demand levels, or making changes to your business operations.

Is there help available?

You should contact Ergon Retail to discuss how your business may be able to benefit from these tariffs, and what assistance may be available to help your business adapt.

Will there be transitional arrangements for customers on tariffs 47 and 48?

Yes. We have allowed existing customers to remain on tariffs 47 and 48 for up to 5 years to allow them time to adapt their contracts and business operations to the new tariff structures. However, now that these tariffs are obsolete, existing customers who choose to switch to a different tariff will not be able to switch back to tariffs 47 or 48.

Like other transitional tariffs, for 2017-18 tariffs 47 and 48 were adjusted to reflect the average change in the new standard business tariffs and to limit the gap between these tariffs and the relevant standard business tariffs growing in dollar terms. As a result, based on the estimates in our final determination, tariffs 47 and 48 will increase by 7.6 per cent and 11.3 per cent respectively in 2017-18.

Why will electricity prices change in 2017-18?

The largest drivers of changes to regulated electricity prices between 2016–17 and 2017–18 are energy costs and network costs.

Wholesale energy costs are expected to increase significantly. This is primarily because of the tightening supply-demand balance within the NEM, which has been caused by:

- increased demand from in-field gas compression associated with LNG export facilities in Queensland
- the closure of Hazelwood Power Station in 2017 and the continued operation of the Portland aluminium smelter in Victoria
- little new renewable energy capacity entering the market in 2017–18 — particularly in Queensland.

Network costs have fallen considerably, aided by the removal of the Solar Bonus Scheme from network charges. However, the decrease has not been enough to offset the large increase in energy costs.

For more information on energy costs and how they have changed please refer to our energy cost fact sheet on our website www.qca.org.au.

2017-18 very large customer retail tariffs

Retail tariff		Fixed charge	Usage charge (peak)	Usage charge (flat/off-peak)	Connection Unit	Capacity (flat/off-peak)	Demand charge (flat/peak)	Excess Reactive Power charge
		c/day	c/kWh	c/kWh	\$/day/unit	\$/kVA of AD/mth	\$/kVA/mth	\$/excess kVA/mth
Tariff 51A—over 4 GWh high voltage (CAC 66kV)		26181.332		14.223	10.523	4.714	2.784	4.454
Tariff 51B—over 4 GWh high voltage (CAC 33kV)		19356.332		14.223	10.523	5.632	2.784	4.454
Tariff 51C—over 4 GWh high voltage (CAC 22/11kV Bus)		17886.332		14.227	10.523	6.475	3.452	4.454
Tariff 51D—over 4 GWh high voltage (CAC 22/11kV Line)		17046.332		14.244	10.523	12.599	6.903	4.454
Tariff 52A—over 4 GWh high voltage (CAC STOUUD 33/66kV) ^a		13581.332	13.666	14.112	10.523	7.477	12.248	4.454
Tariff 52B—over 4 GWh high voltage (CAC STOUUD 22/11kV Bus) ^a		13581.332	13.671	14.116	10.523	5.250	44.093	4.454
Tariff 52C—over 4 GWh high voltage (CAC STOUUD 22/11kV Line) ^a		13581.332	13.687	14.133	10.523	9.704	80.540	4.454
Tariff 53—over 40 GWh high voltage (ICC) ^b		17046.332		14.244		12.599	6.903	4.454

a. Peak demand is charged on maximum kVA demand during summer peak demand window times (weekdays between 10 am and 8 pm in December, January and February). Off-peak capacity is charged on the greater of either the customer's kVA authorised demand or the actual monthly half-hour maximum kVA demand. The actual monthly maximum demand is measured all year excluding summer peak demand window times (all year excluding weekdays between 10 am and 8 pm in December, January and February). Peak usage is charged on all usage in summer months (December, January and February). Off-peak usage is charged on all usage during non-summer months (March to November).

b. Ergon Distribution advised that ICCs do not incur connection unit charges on a network level.