



16 January 2018

Mr Charles Millstead  
Chief Executive Officer  
Queensland Competition Authority  
GPO Box 2257  
Brisbane 4001

Email: [electricity@qca.org.au](mailto:electricity@qca.org.au)

Dear Mr Millstead

### **REGULATED RETAIL ELECTRICITY PRICES FOR 2018-19**

Origin Energy (Origin) appreciates the opportunity to comment on the Queensland Competition Authority's (QCA) interim consultation paper to determine regulated retail electricity prices for regional Queensland for 2018-19.

Origin supports a continuation of the approach adopted by the QCA from the 2017-18 price determination. We believe a consistent application of this method will provide certainty and continuity with respect to pricing structures and will better enable stakeholders to understand the underlying derivation of the regulated tariffs.

We note that the competitive landscape in SEQ has changed relative to 2017-18 with the emergence of substantial new entrants creating greater competitive tensions. This has driven retailers to be more aggressive with their discounts which has put upward pressure on the cost to serve. While we do not have a definitive position on these costs at this point in time, we look forward to working with the QCA to examine these further as part of its draft determination.

With respect to metering costs, the QCA had previously not included an allowance for these costs because they were classified by the AER as distribution non-network costs. As a result, these were additional costs to the regulated cost of electricity. As the QCA points out, the contestability of metering and related service rule change has now come into effect. Under a contestable framework there will be a mixture of legacy meter costs and new contestably determined type 4 meter prices. It is likely that the competitive process will result in different service offering and different charging structures. As a result, we believe it will be problematic to draw inferences about preferred pricing structures for the purposes of regulated tariffs. For this reason we support a continuation of the existing approach of separating metering costs from the regulated tariffs.

#### **Closing**

If you have any questions regarding this submission, please contact Sean Greenup in the first instance on (07) 3867 0620.

Yours sincerely

A handwritten signature in blue ink, appearing to read "K. Robertson".

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