



QUEENSLAND ELECTRICITY USERS NETWORK

"Advocating for affordable and reliable electricity in Queensland"

**Submission
to
Queensland Competition Authority**

on

Draft 2019-2020 Regulated Retail Electricity Prices for regional Queensland

15 April 2019

Queensland Competition Authority – Draft 2019-2020 Regulated Retail Prices for regional Queensland

EXECUTIVE SUMMARY

Every day power bill stress is increasing in homes and businesses throughout Queensland.

In just two years the number of homes disconnected for not paying their power bill has increased by 29% in Queensland and 54% in regional Queensland. Disconnections in regional Queensland are on track to increase by a further 7% this financial year.

The number of small businesses disconnected for not paying their power bill fell by 2% in Queensland but increased by 11% in regional Queensland. This financial year the number of small businesses disconnected in regional Queensland is on track to increase by a massive 48%.

This is in stark contrast to a recent survey of households by the Queensland Government's wholly owned electricity network businesses that found ***“the level of bill concern has improved following a peak in 2017”***.

This finding is the opposite to the common belief of consumer advocates throughout Queensland.

Consumer advocates firmly believe that power bill stress is spreading and energy poverty now affects families in middle Australia. Many of the stressed households do not receive Centrelink payments and are not eligible for state and federal government energy concessions. Some are resorting to payday lenders and charities to keep their lights on and their fridges running, others are going without essentials.

Despite the horrendous statistics and stories in the media, the Queensland Government will receive information from its wholly owned network businesses that fewer homes are suffering from power bill stress.

Combined with the limited terms stipulated in the Ministerial Delegation to the Queensland Competition Authority, the stage is set to perpetuate the myth that power bill concern peaked in 2017.

This enables the Queensland Government to feel comfortable with its Affordable Energy Plan which states that from 1 January 2018 *“electricity prices for typical household and small business customers will remain below inflation on average over the next 2 years”*. This allows the Queensland Government to further increase power bills by around 4% between January 2018 and December 2019.

There is a big difference between the Queensland Government's much touted phrase of *“putting downward pressure”* on electricity prices and charging a price that is *“affordable”* to homes and businesses. For electricity to be affordable in regional Queensland there needs to be a reduction in power bills of at least 10% for households and 20% for businesses. The Draft electricity prices for 2019-2020 forecast a reduction of 4.1% for households and 7.2% for small businesses. Two years ago, the Queensland Competition Authority stunned households by announcing their Draft price increase of 1.7% had ballooned to a Final price increase of 7.1%. Within hours the Queensland Government removed a state levy/tax to limit the increase to 3.3%. The Final prices for 2019-2020 will be released by the QCA by 31st May 2019.

By charging the prices set by the Queensland Government/Queensland Competition Authority, the Queensland Government owned Ergon Energy Retail more than doubled its profit last year to \$263 million.

The Queensland Government has a clear choice; continue its current strategy of taxing regional Queensland through power bills OR stimulate the regional economy and regional jobs by dropping power bills and allowing regional Queenslanders to spend their money as they choose in their regional communities.

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RECOMMENDATIONS

Consumer advocates have come to regard the annual process of setting regulated retail prices for regional Queensland as farcical. This is due to the QCA's lack of consumer consultation and the limited scope of the Queensland Government's Ministerial Delegation to the Queensland Competition Authority.

Each year the Queensland Competition Authority (QCA) is prevented from investigating consumer recommendations due to the terms of reference stipulated in the Ministerial Delegation.

The Queensland Competition Authority has also chosen to ignore for years the unanimous support from consumer advocates for the removal of the QCA's dreamt up charge for retail competition in regional Queensland. This nonsensical charge is a 5 % state tax collected from all regional Queensland power bills.

The Queensland Electricity Users Network recommends that the Queensland Government rejects the QCA's *Draft 2019-2020* regulated retail prices for regional Queensland and instead reduces household power bills by 10% and business power bills by 20% by adopting the following recommendations:

1. Permanently remove the nonsensical 5% 'standing offer adjustment' or 'head room' charge (state tax) and the Customer Acquisition and Retention Cost from all residential and business tariffs offered by Ergon Energy Retail in regional Queensland
2. Make the Uniform Tariff Policy arrangements transparent by;
 - Reporting on how the Uniform Tariff Policy/Community Service Obligation is defined and calculated and
 - Disclosing annually the distribution of the Community Service Obligation by customer category, region and industry sector & subsector
3. Modify EasyPay Rewards to ensure customers of Ergon Energy Retail in regional Queensland receive the same discounts with the same conditions as offered by the Alinta Energy /CS Energy Joint Venture in South East Queensland and for the discounts to be applied to each power bill rather than the current annual payment
4. Implement network tariff reform including an increase in the small customer threshold from 100 MWh per year to 160 MWh per year
5. Extend the removal of the Non-Reversion Policy to include customers up to 160 MWh per year
6. Introduce a dedicated Food, Fibre and Manufacturing Tariff in 2019-2020
7. Permanently remove the Solar Bonus Scheme from all electricity accounts in Queensland
8. Introduce the Traffic Light System of demand response to lower power bills and maintain reliability standards as the Queensland Government implements its 50% Renewable Energy Target by 2030
9. Maintain network reliability standards at current levels without increasing power bills
10. Replace the current Delegation to the Queensland Competition Authority with a Ministerial Delegation to either the Queensland Competition Authority or the Queensland Productivity Commission to investigate and report on matters relating to the affordability and reliability of electricity in regional Queensland; the terms and conditions of the Ministerial Delegation to be determined in consultation with energy consumer advocates
11. Public acknowledgement that under the Constitution it is the responsibility of the Queensland Government, not the Queensland Competition Authority, to set regulated retail electricity prices in regional Queensland.

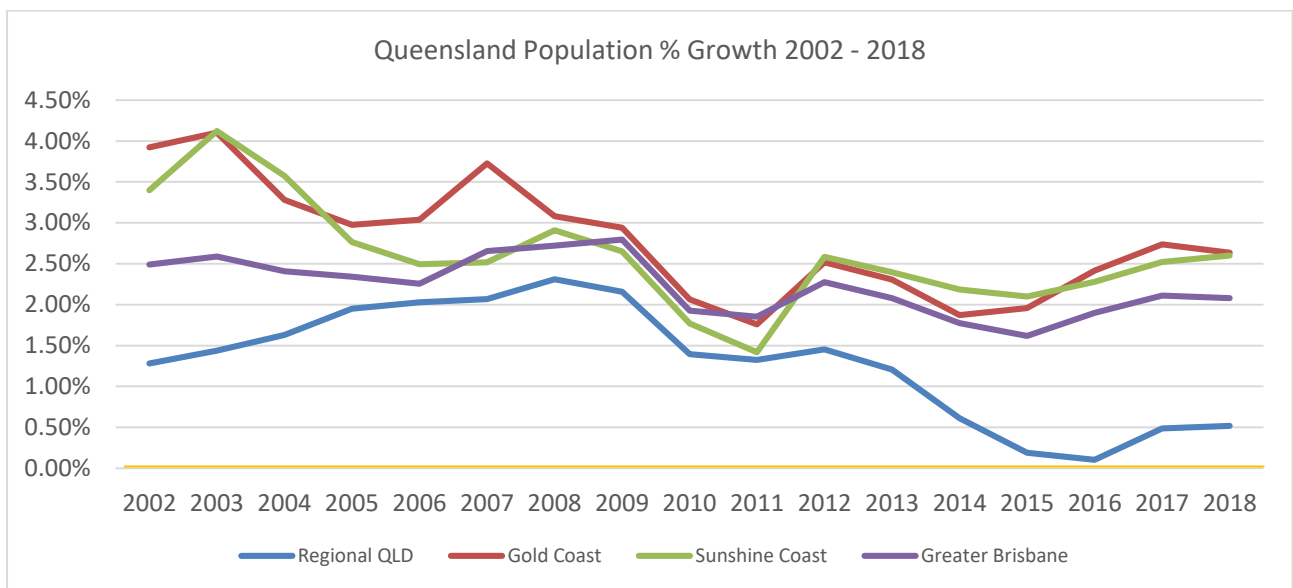
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Do we want the economy of regional Queensland to stagnate and jobs to be lost?

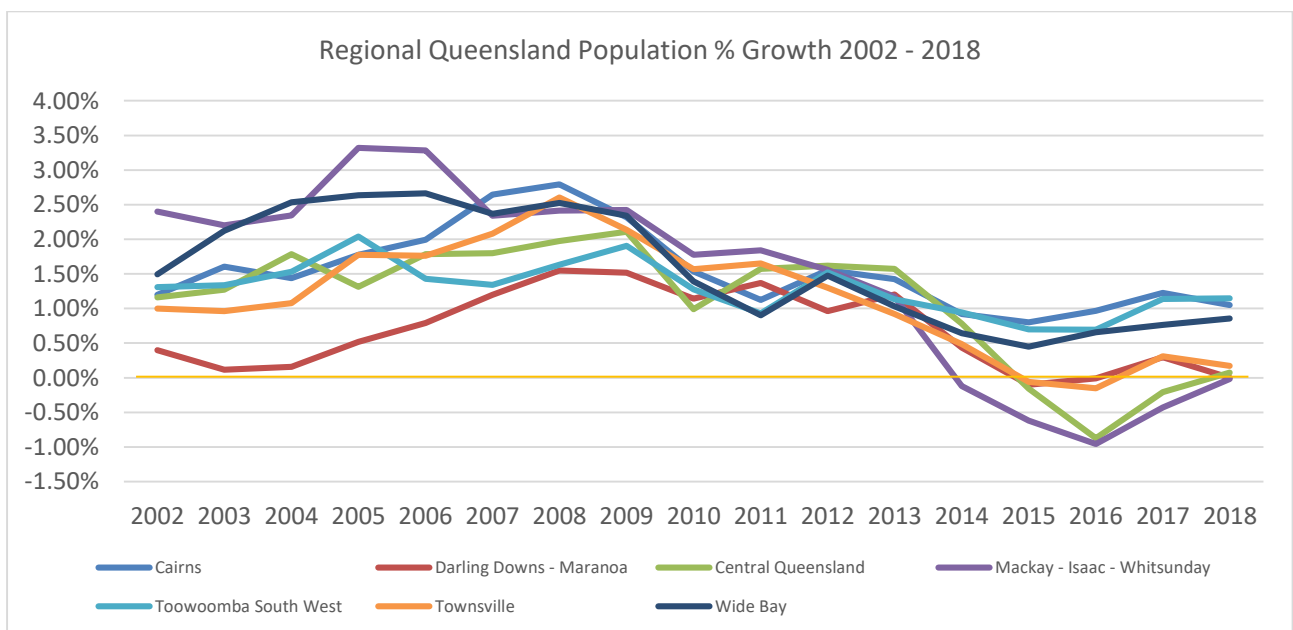
Regional Queensland is a power house for the Queensland and Australian economy, punching well above its weight in terms of outside earnings.

Without affordable and reliable electricity, many businesses will close or downsize and population growth could become negative in some areas.

Due to a drop in stamp duty revenue the Queensland Treasurer has announced an expected \$1.3 billion hole in this year’s Budget. A large source of stamp duty revenue is the sale of new residential and commercial properties. The construction industry is the third largest employer in Australia.



Source: ABS Cat. No. 3218.0 - Regional Population Growth, Australia



Source: ABS Cat. No. 3218.0 - Regional Population Growth, Australia

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RECOMMENDATION 1

Permanently remove the nonsensical 5% ‘standing offer adjustment’ or ‘head room’ charge (state tax) and the Customer Acquisition and Retention Cost from all residential and business tariffs offered by Ergon Energy Retail in regional Queensland

The Queensland Government owns 100% of the retailer Ergon Energy Retail which has a near monopoly on 615,000 residential customers and 90,000 business customers in regional Queensland.

As a near monopoly in regional Queensland Ergon Energy Retail does not have to compete with other retailers for customers ie it does not incur Customer Acquisition and Retention Costs (CARC). This means customers in regional Queensland should not be paying for CARC. The Australian Competition and Consumer Commission estimated CARC at \$48 per customer (see Table 3).

The removal of CARC would reduce a typical household power bill in regional Queensland by about 4%.

However, instead of the Queensland Competition Authority reducing power bills because of the obvious lack of competition in regional Queensland, the Queensland Government has allowed the QCA to charge an extra 5% on all power bills to promote retail competition.

For many years households and businesses in regional Queensland have paid a 5% ‘standing offer adjustment’ or ‘head room’ charge to promote retail competition that does not exist in regional Queensland.

The ‘standing offer adjustment’ charge is effectively a hidden tax paid to the Queensland Government via Ergon Energy Retail. Last year Ergon Energy Retail more than doubled its profit to \$263 million.

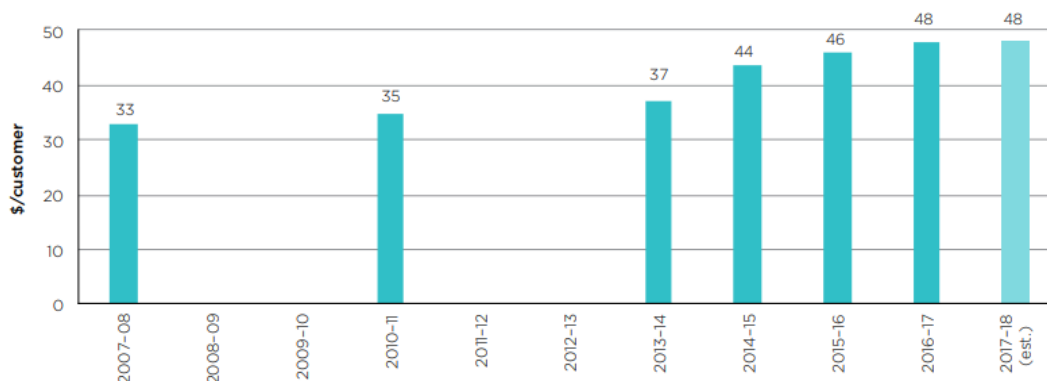
How it works; household power bills in 2018-19 consist of:

- a fixed charge of **88.948 cents per day** including 4.236 cents per day for the ‘standing offer adjustment’
- a consumption charge of **25.298 cents per kWh** including 1.193 cents per kWh for the ‘standing offer adjustment’ charge

See Tables 4,5,6 and 7 and then **consult your power bill to verify this hidden state tax is applied daily.**

Table 3:

National Electricity Market –wide Customer Acquisition& Retention Costs, \$ per residential customer, excl GST



Source: ACCC Retail Electricity Pricing Inquiry – Final Report, June 2018

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Table 4: Residential Tariff 11 (main residential tariff in regional Queensland)

Final 2018-2019 regulated retail electricity prices for regional Queensland (GST exclusive)

<i>Retail tariff</i>	<i>Tariff component</i>	<i>Fixed^a (c/day)</i>	<i>Peak usage (c/kWh)</i>	<i>Off-peak/Flat usage (c/kWh)</i>	<i>Peak demand (\$/kW/mth)</i>	<i>Off-peak/Flat demand (\$/kW/mth)</i>
Tariff 11— Residential (flat-rate)	Network	48.000		8.428		
	Energy			13.017		
	Fixed retail	36.713				
	Variable retail			2.417		
	Standing offer adjustment	4.236		1.193		
	SRES cost pass-through			0.2429		
	Total		88.948		25.298	

Source: Queensland Competition Authority **FINAL** 2018-19 retail prices for regional Queensland, May 2018

Table 5: Residential Tariff 11 (main residential tariff in regional Queensland)

Draft 2019-2020 regulated retail electricity prices for regional Queensland (GST exclusive)

<i>Retail tariff</i>	<i>Tariff component</i>	<i>Fixed^a (c/day)</i>	<i>Peak usage (c/kWh)</i>	<i>Off-peak/Flat usage (c/kWh)</i>	<i>Peak demand (\$/kW/mth)</i>	<i>Off-peak/Flat demand (\$/kW/mth)</i>
Tariff 11— Residential (flat-rate)	Network	49.000		8.762		
	Energy			11.531		
	Fixed retail	37.488				
	Variable retail			2.287		
	Standing offer adjustment	4.324		1.129		
	SRES cost pass-through					
	Total		90.812		23.709	

Source: Queensland Competition Authority **DRAFT** 2019-20 retail prices for regional Queensland, Feb 2019

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Table 6: Small business Tariff 20 (main business tariff in regional Queensland)

Final 2018-2019 regulated retail electricity prices for regional Queensland (GST exclusive)

<i>Retail tariff</i>	<i>Tariff component</i>	<i>Fixed^a (c/day)</i>	<i>Peak usage (c/kWh)</i>	<i>Off-peak/Flat usage (c/kWh)</i>	<i>Peak demand (\$/kW/mth)</i>	<i>Off-peak/Flat demand (\$/kW/mth)</i>
Tariff 20— Business (flat-rate)	Network	65.100		9.100		
	Energy			13.017		
	Fixed retail	52.008				
	Variable retail			2.831		
	Standing offer adjustment	5.855		1.247		
	SRES cost pass-through			0.2462		
	Total		122.963		26.442	

Source: Queensland Competition Authority **FINAL** 2018-19 retail prices for regional Queensland, May 2018

Table 7: Small business Tariff 20 (main business tariff in regional Queensland)

Draft 2019-2020 regulated retail electricity prices for regional Queensland (GST exclusive)

<i>Retail tariff</i>	<i>Tariff component</i>	<i>Fixed^a (c/day)</i>	<i>Peak usage (c/kWh)</i>	<i>Off-peak/Flat usage (c/kWh)</i>	<i>Peak demand (\$/kW/mth)</i>	<i>Off-peak/Flat demand (\$/kW/mth)</i>
Tariff 20— Business (flat-rate)	Network	66.500		8.663		
	Energy			11.531		
	Fixed retail	53.108				
	Variable retail			2.585		
	Standing offer adjustment	5.980		1.139		
	SRES cost pass-through					
	Total		125.589		23.918	

Source: Queensland Competition Authority **DRAFT** 2019-20 retail prices for regional Queensland, Feb 2019

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RECOMMENDATION 2

Make the Uniform Tariff Policy arrangements transparent by;

- ***Reporting on how the Uniform Tariff Policy/Community Service Obligation is defined and calculated and***
- ***Disclosing annually the distribution of the Community Service Obligation by customer category, region and industry sector & subsector***

The QEUN's Recommendation 2 is the same as Recommendation 29 in the Queensland Productivity Commission's Electricity Pricing Inquiry Report submitted to the Queensland Government in May 2016. Recommendation 29 was accepted in principle by the Queensland Government in November 2016.

More than two years later, the Queensland Government is yet to implement Recommendation 29.

The Uniform Tariff Policy provides that:

Wherever possible customers of the same class should pay no more for their electricity, regardless of their geographic location

The Queensland Government constantly reminds electricity customers in regional Queensland that it "subsidises" regional Queensland electricity costs by supporting the Uniform Tariff Policy through the payment of the Community Service Obligation (CSO).

The CSO is paid by the Queensland Government to its wholly owned Ergon Energy Retail.

No other retailer in regional Queensland receives a CSO payment from the Queensland Government.

Ergon Energy Retail is part of the Queensland Government owned Energy Queensland.

The 2017-18 Energy Queensland Financial Statement states:

"Retail sales revenue increased slightly due to higher tariffs approved by the Queensland Competition Authority."

In 2017-18 Ergon Energy Retail's profit after tax was \$263 million (see Table 8). As a state government owned entity Ergon Energy Retail and its parent company Energy Queensland do not pay the tax of \$112 million.

In 2017-18 the Community Service Obligation was estimated to cost \$488 million (see Table 9).

This means the Queensland Government paid a CSO of \$488 million but received revenue from its wholly owned Ergon Energy Retail of \$375 million.

In other words, the Queensland Government took back most of the electricity "subsidy" provided to the homes and businesses of regional Queensland.

Electricity is an essential service. However, little is said by regional Queensland about the biggest subsidy paid by the Queensland Government; \$1.643 Billion for rail, mostly urban rail commuters in South East Queensland (see Table 8).

Urban rail is of little benefit to regional Queensland but regional Queensland taxes pay for this subsidy.

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Table 8: Profit and Loss Statement 2017-18 for Ergon Energy Retail/Ergon Energy Queensland Pty Ltd

Principal activities

The principal activity of the Company during the financial year was non-contestable electricity retailing in regional Queensland.

Likely developments and future results

The Company continues to sell electricity at the Queensland Government's notified prices in regional Queensland.

Ergon Energy Queensland Pty Ltd			
Statement of profit or loss			
For the year ended 30 June 2018			
In thousands of dollars	Note	2018	2017
Revenue	2	2,179,947	2,130,063
Other income	2	21,291	-
Network charges / electricity purchases	3	(1,472,841)	(1,561,057)
Solar photovoltaic feed in tariff		(119,593)	(111,044)
Materials and services		(66,914)	(66,665)
Depreciation, amortisation and impairments		(24,812)	(31,606)
Finance costs		(781)	(887)
Environmental certificate compliance expenses		(122,966)	(110,467)
Other expenses		(17,809)	(77,355)
Profit before income tax equivalent expense		375,522	170,982
Income tax equivalent expense	4	(112,344)	(50,907)
Profit after income tax equivalent expense		263,178	120,075

Source: 2017-18 Ergon Energy Queensland Pty Ltd Annual Financial Statements

Table 9: Community Service Obligation payments and Transport Services Contracts

	2016-17	2017-18	2017-18	2018-19	2019-20	2020-21	2021-22
	Actual	Budget	Est. Act.	Budget	Projection	Projection	Projection
	\$ million	\$ million	\$ million	\$ million	\$ million	\$ million	\$ million
Electricity Networks	603	488	488	462	498	493	515
Rail	1,576	1,710	1,643	1,797	1,822	1,903	1,985
Water	13	11	11	11	..	..	..
Total PNFC Sector	2,191	2,209	2,142	2,270	2,320	2,397	2,501
Note:							
1. Numbers may not add due to rounding.							

Source: 2018-19 Queensland Budget Strategy and Outlook Paper, Public Non-Financial Corporations Sector

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RECOMMENDATION 3

Modify EasyPay Rewards to ensure customers of Ergon Energy Retail in regional Queensland receive the same discounts with the same conditions as offered by the Alinta Energy /CS Energy Joint Venture in South East Queensland and for the discounts to be applied to each power bill rather than the current annual payment

One third of Queensland’s electricity supply is from the Queensland Government’s wholly owned generator CS Energy.

CS Energy is in a Joint Venture agreement with retailer Alinta Energy.

The Joint Venture entered the South East Queensland retail market in August 2017 with a 25% discount on usage/consumption charges if payment is received in full and on time. The Joint Venture has since increased the discount to 28%.

The 28% discount is applied to each power bill and represents an annual saving of \$328.

The Queensland Government’s wholly owned Ergon Energy Retail is offering an annual \$75 discount paid once a year if regional Queensland customers agree to all 3 of the following conditions:

- SmoothPay
- Direct Debit
- e-Bill

If a Joint Venture between a private retailer and a Queensland Government owned generator can offer a discount totalling \$328 a year, why are captive regional Queensland customers being offered \$75 and being forced to agree to SmoothPay, Direct Debit and e-Bill in order to receive \$75?

From the Australian Energy Regulator’s Energy Made Easy website:

<p>Discounts</p> <p>Pay on time discount on total usage 28%</p> <p>Pay on Time Discount. 28% off electricity usage charges, when paid on time in full, based on Alinta Energy’s standing tariffs for 12 months from the start date.</p>

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RECOMMENDATION 4

Implement network tariff reform including an increase in the small customer threshold from 100 MWh per year to 160 MWh per year

Energy Queensland is the parent company of Ergon Network and Energex network.

Energy Queensland is wholly owned by the Queensland Government.

Consultation with consumer advocates on network tariff reform is a tick the box exercise for Energy Queensland.

All the decisions that need to be made to bring about network tariff reform rest solely with the Queensland Government ie the board of Energy Queensland is unable to bring about much needed network tariff reform.

Any business using over 100 MWh per year is regarded as a “large” business and must pay exorbitant network charges. Many so called “large” businesses have less than 4 employees.

As a result of excess solar generation in the middle of the day, Ergon and Energex networks are both forecasting that numerous zone substations on their networks will experience negative demand (see Table 10).

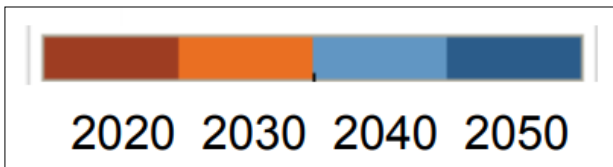
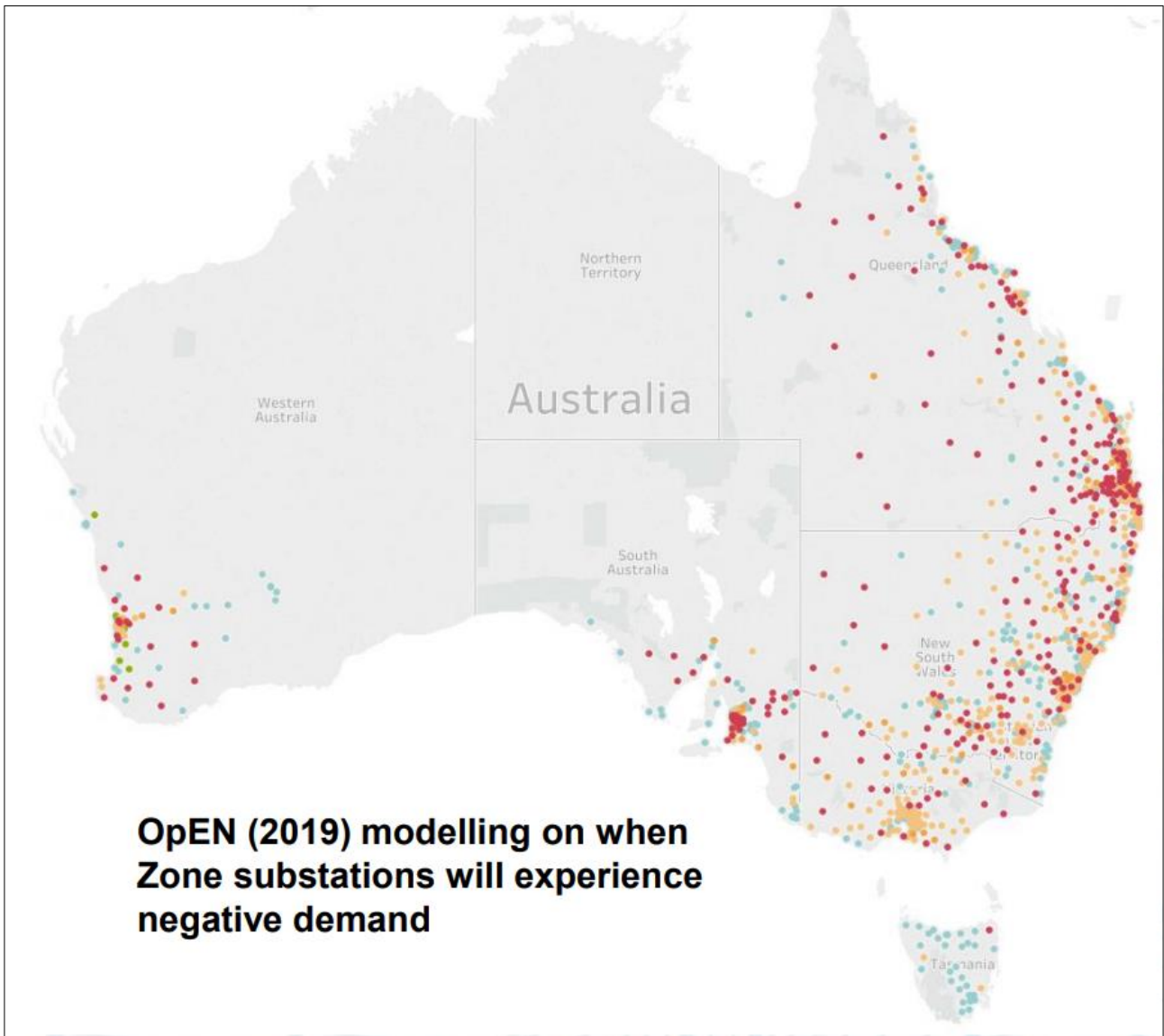
Despite the lack of demand for network supplied electricity in the middle of the day, businesses are being charged peak prices from 10.00 am to 8.00pm.

Energy Queensland is proposing that from 2020 to 2025 the window of peak prices for South East Queensland customers will be reduced by 90 minutes to between 10.00 am to 6.30 pm.

However, for regional Queensland business customers the peak demand period will remain from 10.00 am to 8.00 pm.

This will put regional Queensland businesses at a disadvantage, particularly the tourism industry which is a major employer in regional Queensland.

Table 10: Timing of negative demand on zone substations in Australia



Source: Open Energy Networks Project Presentation, AEMO/Energy Networks Australia Workshop, March 2019

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RECOMMENDATION 5

Extend the removal of the Non-Reversion Policy to include customers up to 160 MWh per year

The Queensland Government passed legislation to remove the Non-Reversion Policy in 2018.

The Non-Reversion Policy prevented customers who had left Ergon Energy Retail for another retailer from returning to Ergon Energy Retail.

Customers can now return to Ergon Energy Retail if their business uses less than 100 MWh per year.

Businesses using over 100 MWh are trapped in the contestable retail market and are easy prey for other retailers as the other retailers know they cannot return to Ergon Energy Retail.

This anti-competitive legislation is impacting on large community sporting clubs as well as ‘large’ businesses.

RECOMMENDATION 6

Introduce a dedicated Food, Fibre and Manufacturing Tariff in 2019-2020

At present there is excess solar generation in the middle of the day. This excess could be used by farmers and manufacturers to produce goods and services if the electricity price was affordable.

More agricultural production and manufacturing in Queensland means more jobs and more revenue for the Queensland Government.

Instead of introducing a dedicated Food, Fibre and Manufacturing Tariff, the Queensland Competition Authority has allowed farmers to access Tariff 33 - an off-peak *residential* tariff.

Regional Queensland needs a dedicated Food, Fibre and Manufacturing Tariff in 2019-2020.

Failure to take advantage of the surplus solar generation in the middle of the day will have dire consequences for the overall utilisation of Ergon’s network capacity (Table 11).

A continuation of falling network utilisation levels will result in more fixed charges on power bills unless the Queensland Government accepts a lower rate of return on its network assets (Table 12).

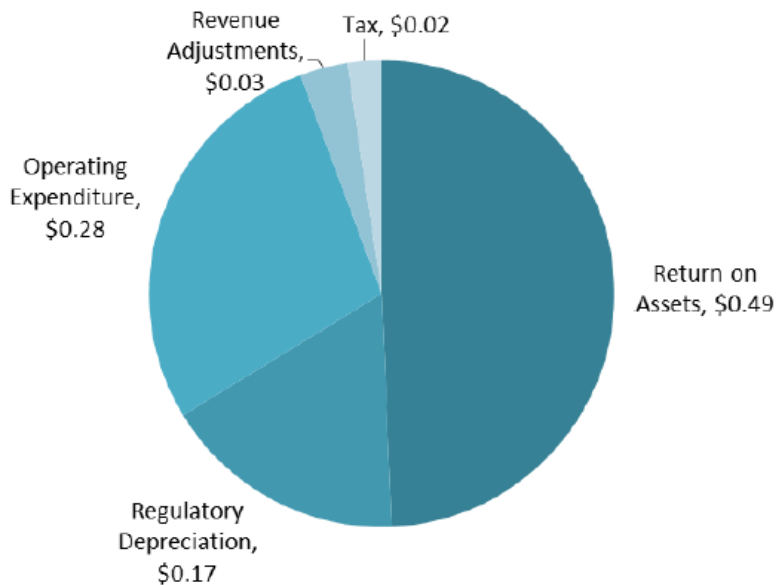
Fixed charges on power bills are unavoidable charges and exist regardless of how much electricity is used by a home or business.

Table 11: Overall capacity utilisation of Ergon Energy Network

	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Overall utilisation %	45.71	46.76	45.13	47.26	46.22	43.43	42.19	42.76	37.00	40.00	38.00	39.00

Source: Australian Energy Regulator RINS for Ergon Energy Network

Table 12: Ergon Network – what makes up our revenue requirement?



Source: Energy Queensland Presentation to RP-TSS Working Group Forum, 5 September 2018

RECOMMENDATION 7

Permanently remove the Solar Bonus Scheme from all electricity accounts in Queensland

In 2017 the Queensland Government removed the cost of the Solar Bonus Scheme (SBS) from all power bills until June 2020, transferring the cost of the SBS to the Queensland Budget.

The removal of the SBS reduced residential power bills by 3.8% in 2017-18.

The sudden removal was prompted by the release of the QCA’s Final 2017-18 retail prices which called for a 7.1% increase in residential power bills compared to their Draft increase of 1.7%.

The SBS is a Queensland Government tax/levy imposed on all residential and business power bills to recover the cost of the Queensland Government’s Solar Bonus Scheme.

The Queensland Productivity Commission (QPC) estimated the total cost of the SBS from its commencement in 2008 to its close in 2028 at \$4.1 Billion, with \$2.8 Billion to be recovered between 2016-17 and 2027-28.

The speed and manner in which the cost of the Solar Bonus Scheme is recovered is at the sole discretion of the Queensland Government.

In 2015-16 the Queensland Competition Authority estimated the SBS added \$89 to a typical residential power bill and pushed the cost of a typical small business power bill up by around 9%.

The Solar Bonus Scheme must be permanently removed from all power bills in Queensland.

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RECOMMENDATION 8

Introduce the Traffic Light System of demand response to lower power bills and maintain reliability standards as the Queensland Government implements its 50% renewable energy target by 2030

Wholesale electricity costs in Queensland have ballooned by 55% since 2015-16 (see Table 13).

Wholesale electricity costs represent about 25% of a power bill.

The Queensland Government owns 65% of the generation capacity in Queensland. This means the Queensland Government largely controls Queensland’s wholesale electricity price and therefore can determine the revenue it receives from its generation assets.

The Queensland Government expected its generation assets to earn \$482 million in 2016-17 providing \$307 million in revenue; \$216 million in dividends and \$91 million in tax equivalent payments.

The Queensland Government does not pay tax to the Federal Government on the revenue earned from its generation assets.

In reality, the Queensland Government owned generation assets actually earned \$1,241 million providing the Queensland Government with \$ 573 million in revenue; \$383 million in dividends and \$190 million in tax equivalent payments.

To date the revenue from its generators in 2017-18 has climbed from a budgeted \$617 million to an estimated \$894 million (see Tables 14 to 19).

One way to ensure Queensland customers do not pay more than is necessary for the efficient generation of reliable dispatchable electricity is to implement the consumer demand response initiative called the Traffic Light System (TLS).

The TLS is a colour coded system designed to signal consumers to reduce, if possible, their consumption on very high demand days. The TLS will assist to lower wholesale prices whilst maintaining a reliable supply.

Table13: Wholesale energy costs used by QCA to determine retail prices in regional Queensland

Year	Wholesale Energy Cost at Qld Reference Node (\$/MWh)	Renewable Energy Costs at Qld Reference Node (\$/MWh)	Other Costs Qld reference node (\$/MWh)	Total transmission and distribution loss factor (MLF x DLF)	Network losses (\$/MWh)	Total Energy Costs at the customer terminal (\$/MWh)	Change from previous determination (\$/MWh)	Change from previous determination (%)
Draft 2019-20	\$89.08	\$16.32	\$3.18	1.062	\$6.73	\$115.31	-\$14.86	-11.4%
2018-19	\$99.10	\$19.56	\$3.91	1.062	\$7.60	\$130.17	\$0.78	0.6%
2017-18	\$103.11	\$14.98	\$3.40	1.065	\$7.90	\$129.39	\$34.94	37.0%
2016-17	\$75.32	\$11.57	\$1.80	1.065	\$5.76	\$94.45	\$15.31	19.4%
2015-16	\$63.73	\$8.72	\$1.87	1.065	\$4.83	\$79.15		

Source: ACIL Allen’s Estimated Energy Cost Reports to the Queensland Competition Authority, 2015 to 2019

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Table14: Earnings before interest and tax for Queensland Public Non-Financial Corporations

	2016-17 Actual \$ million	2017-18 Budget \$ million	2017-18 Est. Act. \$ million	2018-19 Budget \$ million	2019-20 Projection \$ million	2020-21 Projection \$ million	2021-22 Projection \$ million
Electricity Networks	2,888	2,064	2,331	1,899	1,914	1,937	1,965
Electricity Generation	1,241	1,070	1,230	1,009	804	695	598
Rail	328	291	304	325	326	365	389
Ports	206	188	178	203	248	251	266
Water	470	438	477	556	573	540	414
Other	36	1	(44)	(16)	(10)	(11)	(10)
Total PNFC Sector	5,169	4,053	4,476	3,976	3,855	3,777	3,621
Note:							
1. Numbers may not add due to rounding and bracketed numbers represent negative amounts.							

Source: Public Non-Financial Corporations Sector, 2018-19 Queensland Budget Strategy and Outlook Paper

Table15: Dividends paid to the Queensland Government by Queensland Public Non-Financial Corporations

	2016-17 Actual \$ million	2017-18 Budget \$ million	2017-18 Est. Act. \$ million	2018-19 Budget \$ million	2019-20 Projection \$ million	2020-21 Projection \$ million	2021-22 Projection \$ million
Electricity Networks	1,083	716	948	618	554	507	471
Electricity Generation	383	463	645	535	457	387	320
Rail	101	92	100	134	150	162	176
Ports	72	86	80	94	126	127	136
Water	8	28	36	55	36	5	5
Other	..	10	10	..	..	..	..
Total PNFC Sector	1,647	1,395	1,819	1,435	1,323	1,188	1,108
Note:							
1. Numbers may not add due to rounding.							

Source: Public Non-Financial Corporations Sector, 2018-19 Queensland Budget Strategy and Outlook Paper

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Table 16: Tax equivalent payments not paid by Queensland Public Non-Financial Corporations

	2016-17 Actual \$ million	2017-18 Budget \$ million	2017-18 Est. Act. \$ million	2018-19 Budget \$ million	2019-20 Projection \$ million	2020-21 Projection \$ million	2021-22 Projection \$ million
Electricity Networks	556	324	417	290	265	244	229
Electricity Generation	190	154	249	236	234	215	164
Rail	29	39	44	47	37	32	29
Ports	47	37	41	51	66	66	69
Water	19	11	13	3	18	2	3
Other	3	7	5	5	5	5	5
Total PNFC Sector	844	572	770	630	626	564	499
Note:							
1. Numbers may not add due to rounding.							

Source: Public Non-Financial Corporations Sector, 2018-19 Queensland Budget Strategy and Outlook Paper

Table 17: Earnings before interest and tax for Queensland Public Non-Financial Corporations

	2015-16 Actual \$ million	2016-17 Budget \$ million	2016-17 Est. Act. \$ million	2017-18 Budget \$ million	2018-19 Projection \$ million	2019-20 Projection \$ million	2020-21 Projection \$ million
Electricity Networks	2,573	2,533	2,823	2,064	1,933	1,941	1,869
Electricity Generation	382	482	892	1,070	858	750	564
Rail	447	409	354	291	335	371	379
Ports	218	212	191	188	212	227	232
Water	352	409	452	438	482	460	483
Other	(59)	13	19	1	(8)	(10)	(10)
Total PNFC sector earnings before interest and tax	3,913	4,059	4,731	4,053	3,811	3,739	3,517
Note:							
1. Numbers may not add due to rounding and bracketed numbers represent negative amounts.							

Source: Public Non-Financial Corporations Sector, 2017-18 Queensland Budget Strategy and Outlook Paper

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Table 18: Dividends paid to the Queensland Government by Queensland Public Non-Financial Corporations

	2015-16 Actual \$ million	2016-17 Budget \$ million	2016-17 Est. Act. \$ million	2017-18 Budget \$ million	2018-19 Projection \$ million	2019-20 Projection \$ million	2020-21 Projection \$ million
Electricity Networks	1,146	1,000	1,068	716	626	621	537
Electricity Generation	175	216	378	463	388	390	291
Rail	182	164	120	92	128	155	151
Ports	134	114	69	86	101	111	113
Water	39	41	8	28	22	2	4
Other	20	..	..	10	..	..	..
Total PNFC sector dividends	1,696	1,535	1,641	1,395	1,265	1,279	1,095
Note:							
1. Numbers may not add due to rounding and bracketed numbers represent negative amounts.							

Source: Public Non-Financial Corporations Sector, 2017-18 Queensland Budget Strategy and Outlook Paper

Table 19: Tax equivalent payments not paid by Queensland Public Non-Financial Corporations

	2015-16 Actual \$ million	2016-17 Budget \$ million	2016-17 Est. Act. \$ million	2017-18 Budget \$ million	2018-19 Projection \$ million	2019-20 Projection \$ million	2020-21 Projection \$ million
Electricity Networks	545	463	541	324	289	288	258
Electricity Generation	86	91	152	154	132	219	174
Rail	83	66	56	39	34	33	24
Ports	49	49	38	37	44	48	50
Water	31	9	16	11	7	1	2
Other	3	9	10	7	7	7	7
Total PNFC sector current tax equivalent payments	797	687	812	572	513	595	515
Note:							
1. Numbers may not add due to rounding and bracketed numbers represent negative amounts.							

Source: Public Non-Financial Corporations Sector, 2017-18 Queensland Budget Strategy and Outlook Paper

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RECOMMENDATION 9

Maintain network reliability standards at current levels without increasing power bills

Queensland business and residential consumers can continue to depend on the current network reliability standards and have cheaper power bills if the Queensland Government stops using the publicly owned network (poles and wires) assets as cash cows (see Table 12).

The Queensland Government will receive a final report from the Queensland Competition Authority on 30 June 2019 regarding reliability standards in Queensland.

In essence, the Queensland Government is asking consumers whether they want to have lower power bills in return for accepting lower reliability standards.

Lower reliability standards will mean more outages and longer outages.

In theory lower reliability standards should result in less capital and operating expenditure and consequently lower power bills.

Only 3 consumer advocates responded to the QCA's Discussion Paper on reliability standards.

The poor number of submissions is not a reflection of consumer advocates not being concerned about lower reliability standards but more because they:

- lack the financial resources to write submissions and
- the Queensland Competition Authority did not issue a media release on the Reliability Standards Discussion Paper but instead emailed QCA subscribers on the same day that the QCA released their Draft 2019-2020 regulated retail prices for regional Queensland.

The QCA is required to provide a Draft Report on Reliability Standards to the Queensland Energy Minister by 1st May 2019.

Queensland consumers do not need to compromise reliability standards to receive lower power bills. The Queensland Government needs to stop using the network assets as a cash cow.

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RECOMMENDATION 10

Replace the current Delegation to the Queensland Competition Authority with a Ministerial Delegation to either the Queensland Competition Authority or the Queensland Productivity Commission to investigate and report on matters relating to the affordability and reliability of electricity in regional Queensland; the terms and conditions of the Ministerial Delegation to be determined in consultation with energy consumer advocates

Consumer advocates have developed recommendations that will ensure electricity in regional Queensland is affordable and reliable.

The current consultation process by the Queensland Government and its associated entities is designed to ignore the recommendations of consumer advocates and consumers.

The only organisations who can afford to sit at the energy policy table are predominately the organisations that benefit from power bills i.e. generators, networks, retailers and the Queensland Government.

RECOMMENDATION 11

Public acknowledgement that under the Constitution it is the responsibility of the Queensland Government, not the Queensland Competition Authority, to set regulated retail electricity prices in regional Queensland.

The only way to solve a problem is to accept you have a problem.

Energy poverty for homes and businesses is widening and deepening daily in regional Queensland.

The Queensland Government needs to accept responsibility for an electricity crisis that is yet to peak.

Table 20: Satisfaction of businesses in regional Queensland with electricity prices

Question 7:

On a scale of 1 to 10, how satisfied are you with the electricity prices being charged to your business with 1 being very dissatisfied and 10 being very satisfied?

Rating	No.	%
1 Very dissatisfied	472	64%
2	96	13%
3	66	9%
4	29	4%
5	40	5%
6	10	1%
7	5	1%
8	8	1%
9	2	0%
10 Very satisfied	5	1%
No response	8	1%
Total	741	100%

Source: Survey on the impact of higher electricity prices on businesses in regional Queensland, January 2018