

DEPARTMENT OF ENERGY AND PUBLIC WORKS

*Electricity Act 1994*

**ELECTRICITY (MINISTERIAL) DELEGATION (NO. 2) 2022  
to the Queensland Competition Authority (QCA)**

**Preliminary matters**

1. The preliminary matters form part of this delegation.
2. **QCA** means the Queensland Competition Authority established under the *Queensland Competition Authority Act 1997*.
3. Section 89A of the *Electricity Act 1994* (the Act) relevantly provides:  
**price determination** see section 90(1).  
**pricing entity** means—
  - (a) the Minister; or
  - (b) QCA, if the Minister delegates a function of the Minister under section 90(1) to QCA.
4. Section 90(1) of the Act provides:  
*The Minister must, for each tariff year, decide (a **price determination**) the prices, or the methodology for fixing the prices, that a retailer may charge its standard contract customers for all or any of the following—*
  - (a) *customer retail services;*
  - (b) *charges or fees relating to customer retail services;**Examples—*
  - *charges or fees for late or dishonoured payments*
  - *credit card surcharges for payments for the services*
  - (c) *other goods and services prescribed under a regulation.*
5. Section 90(5) provides:  
In making a price determination, the pricing entity—
  - (a) must have regard to all of the following—
    - (i) the actual costs of making, producing or supplying the goods or services;
    - (ii) the effect of the price determination on competition in the Queensland retail electricity market;
    - (iii) if QCA is the pricing entity—any matter the pricing entity is required by delegation to consider; and
  - (b) may have regard to any other matter the pricing entity considers relevant.
6. Section 90AA(1) of the Act provides that the Minister may delegate to the QCA all or any of the Minister's functions under section 90(1) of the Act.
7. Section 90AA(2) of the Act provides that delegation to the QCA may state the terms of reference of the price determination.
8. Section 90AA(3) of the Act provides what the terms of reference may specify and how the terms of reference may apply.

9. The terms of reference provided for in sections 90AA(2) and (3) of the Act are contained in the Schedule to this delegation and comprise the matters under section 90(5)(a)(iii) of the Act that the QCA as the pricing entity is required by delegation to consider.

**Power to delegate**

10. Under section 90AA(1) of the Act, the Minister may delegate to the QCA all or any of the Minister's functions under section 90(1) of the Act.

**Powers delegated**

11. I delegate the functions of the Minister under section 90(1) of the Act to the QCA for the 2023-24 tariff year, in respect of the following matters:

- (a) developing up to two new standard retail tariffs (together, the **new tariffs**) to be included in the 2023-24 Tariff Schedule, to be amended if required, based on the residential and small business network tariffs that underpin existing retail standard tariffs 12B and 22B:
  - (i) a residential 3-rate time of use energy tariff; and
  - (ii) a small business 3-rate time of use energy tariff.
- (b) deciding the prices, or the methodology for fixing the prices, for the new tariffs developed under paragraph 11(a) that a retail entity may charge its Standard Contract Customers in Queensland (other than Standard Contract Customers in the Energex distribution area) for the new retail tariffs; and
- (c) adding the new tariffs as standard tariffs to the Tariff Schedule pursuant to section 90(3)(c) of the Act.

12. The new retail tariffs must take effect on 1 July 2023 for the 2023-24 tariff year.

13. Pursuant to section 90(5)(a)(iii) of the Act, in exercising the functions specified in paragraph 11 above, the QCA must have regard to the terms of reference in the schedule.

**Conditions of delegation**

14. The delegated functions of the Minister must only be exercised for the purpose of deciding the prices, or the methodology for fixing the prices that a retail entity may charge its Standard Contract Customers in Queensland, other than Standard Contract Customers in the Energex distribution area.
15. In exercising the delegated functions under section 90, the QCA, as the pricing entity, must have regard to all of the matters set out in section 90(5) of the Act, and the terms of reference in the Schedule to this delegation.
16. In exercising the delegated functions, the QCA must have regard to all relevant statutory provisions, whether referred to in this delegation or not.

**Revocation**

17. This delegation operates concurrently with any previous delegations to the QCA still in force. This delegation prevails over any previous delegations in force to the extent of any inconsistency.
18. Unless earlier revoked in writing, this delegation ceases upon gazettal by the QCA of its final price determination on the regulated retail electricity matters set out in paragraph 11 for the 2023-24 tariff year under section 90AB of the Act.

**Note to delegation**

19. Statutory references are to be construed as including all statutory provisions consolidating, amending or replacing the statute referred to and all regulations, rules, by-laws, local laws, proclamations, orders, prescribed forms and other authorities pursuant thereto.

This delegation is made by the Honourable Mick de Brenni MP  
Minister for Energy, Renewables and Hydrogen and  
Minister for Public Works and Procurement:

**Signed:**



The Honourable Mick de Brenni MP  
**Minister for Energy, Renewables and Hydrogen and  
Minister for Public Works and Procurement**

**Dated:**

14/12/2022

**SCHEDULE**  
**Terms of Reference**  
**Section 90(5)(a)(iii) and 90AA of the Act**

***Period for which the price determinations will apply (section 90AA(3)(a) of the Act)***

1. The price determination for the new tariffs takes effect from 1 July 2023 and remains in force until the end of the 2023-24 tariff year.

***Policies, principles and other matters the QCA must consider when working out the notified prices and making the price determination (sections 90(5)(a)(iii), 90AA(3)(c) and 90AA(3)(d) of the Act)***

2. The policies, principles and other matters that the QCA is required by this delegation to consider for the new retail tariffs are:
  - (a) Uniform Tariff Policy — the Government's Uniform Tariff Policy, which provides that, wherever possible, customers of the same class should pay no more for their electricity, and should be able to pay for their electricity via similar common price structures, regardless of their geographic location;
  - (b) For the new tariffs:
    - i. Framework – use of the Network (N) plus Retail (R) cost build-up methodology when working out the notified prices and making the price determination, where N (network cost) is generally treated as a pass-through and R (energy and retail cost) is determined by the QCA;
    - ii. When determining the N components, basing the network cost component on the price level of the relevant Energex network charges to be levied by Energex, but using the relevant Ergon Energy Corporation Limited (EECL) tariff structures; and
    - iii. When determining the R component, use of relevant data and assumptions developed and applied under the *Electricity (Ministerial) Delegation (No. 1) 2022 to the Queensland Competition Authority (QCA)*, and application of a methodology whereby the R component delivers greater price differentials between peak and non-peak periods compared to Tariffs 12B and 22B, in a way that may encourage more energy use during the day;

***Consultation Requirements (section 90AA(3)(e) of the Act)***

*Interim Consultation Paper*

3. The QCA must publish an interim consultation paper identifying key issues to be considered when making the price determination.
4. The QCA must publish a written notice inviting submissions about the interim consultation paper. The notice must state a period during which anyone can make written submissions to the QCA about issues relevant to the price determination.



5. The QCA must consider any submissions received within the consultation period and make them available to the public, subject to normal confidentiality considerations.

*Consultation Timetable*

6. The QCA must publish a consultation timetable within two weeks after submissions on the interim consultation paper are due, which can be revised at the discretion of the QCA, detailing any proposed additional public papers and information sessions that the QCA considers would assist the consultation process.

*Information Sessions and Additional Consultation*

7. As part of the consultation process and in consideration of any relevant consultation already undertaken, the QCA must consider the merits of additional public consultation (information sessions and papers) on identified key issues.

*Draft Price Determination*

8. The QCA must investigate and publish its draft price determination on the new tariffs with each tariff (to the extent practicable) to be presented as bundled prices appropriate to the retail tariff structure.
9. The QCA must publish a written notice inviting submissions about the draft price determination. The notice must state a period during which anyone can make written submissions to the QCA about issues relevant to the draft price determination.
10. The QCA must consider any submissions received within the consultation period and make them available to the public, subject to normal confidentiality considerations.

***Final Price Determination***

11. The QCA must investigate and publish its final price determination on the new tariffs with each tariff (to the extent practicable) to be presented as bundled prices appropriate to the retail tariff structure and gazette the retail tariffs in the form of a Tariff Schedule.

***Time frame for QCA to make and publish reports (section 90AA(3)(b) of the Act)***

12. The QCA must make its reports available to the public and, at a minimum, publicly release the papers and price determinations listed in paragraphs 3 to 11.
13. The QCA must publish the draft price determination on regulated retail electricity tariffs no later than February 2023.
14. The QCA must publish the full 2023-24 Tariff Schedule, amended as required to include the new tariffs in the Queensland Government gazette no later than 9 June 2023.

(SCHEDULE ENDS)