



Minister for Energy and Clean Economy Jobs

Leader of the House

Our Ref: MN04348-2024

26 April 2024

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Professor Flavio Menezes
Chair
Queensland Competition Authority
Email: [REDACTED]

Dear Professor Menezes

I refer to my *Delegation No. 1 2023* of 14 December 2023 under section 90AA of the *Electricity Act 1994* (the Act) and my letter of 22 March 2024, and in particular the requirements in relation to the Queensland Competition Authority's (QCA) consideration of the Australian Energy Regulator's (AER) default market offer (DMO) for South East Queensland (SEQ) in the context of the Queensland Government's uniform tariff policy (UTP).

The Miles Government is committed to reducing cost of living pressures, public ownership of energy assets and ensuring affordable electricity pricing decisions for consumers, and as such has committed that Queenslanders will not bear the impacts of any draft or final regulated pricing decision that increases costs, by administering yet to be announced cost of living relief measures.

The Queensland Government remains focused on ensuring affordable and reliable energy for Queenslanders. For regional Queensland households and small businesses, the government's UTP provides an important and longstanding mechanism to ensure people living in regional Queensland pay equivalent prices to those in SEQ.

This means that while the cost to deliver reliable power to regional Queenslanders is significantly higher due to challenges of vast distances in remote areas including outback Queensland and coastal far North Queensland for example, and the impacts of tropical weather on the network including frequency of damage from storms and cyclones, that Queenslanders in regional areas pay effectively no more than equivalent consumers in SEQ.

I acknowledge this requires significant investment by government and can only be enabled through public ownership of both the distribution network and regional retailer, however we consider the welfare of regional Queenslanders to be the priority consideration.

The Queensland Government appreciates the complexity in making pricing decisions and striking the right balance between customer outcomes and retailer needs, especially during this period of changing market dynamics and national cost of living pressures. Where appropriate, the QCA should consider balancing the objectives toward consumer interests.

Regarding the application of the UTP, I require that, unlike previous years, the QCA considers the SEQ DMO price to be a cap. That is, that flat tariffs T11 and T20 should be set no higher than the equivalent SEQ DMO price. For the removal of doubt, this means that a negative Standing Offer Adjustment (SOA) can be applied if necessary to deliver on the Queensland Government's UTP.

I also reiterate that when applying any SOA adjustment retention of bill relativity remains important and is to be maintained for more complex small customer tariffs, including those for which equivalent DMOs are not determined by the AER.

Given my updated direction and timing constraints, I also direct the QCA to not publish its draft 2024-25 pricing decision before 7 May 2024, and following publication I accept that the QCA is best positioned to decide what, if any, consultation it undertakes on its draft decision. Publication of the QCA's final decision remains unchanged to be by 7 June 2024.

The Department of Energy and Climate (DEC) will continue to be available to consult with QCA on the 2024-25 price determination and Tariff Schedule, and 2024-25 Feed-in Tariff. If you require further information or assistance with this matter, [REDACTED]

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Mick de Brenni', with a long horizontal flourish extending to the right.

Mick de Brenni MP
Minister for Energy and Clean Economy Jobs
Leader of the House