

Regulated retail electricity prices for regional Queensland in 2025-26

**Information session on
draft determination**

Welcome and objectives

At today's information session, we want to talk through:

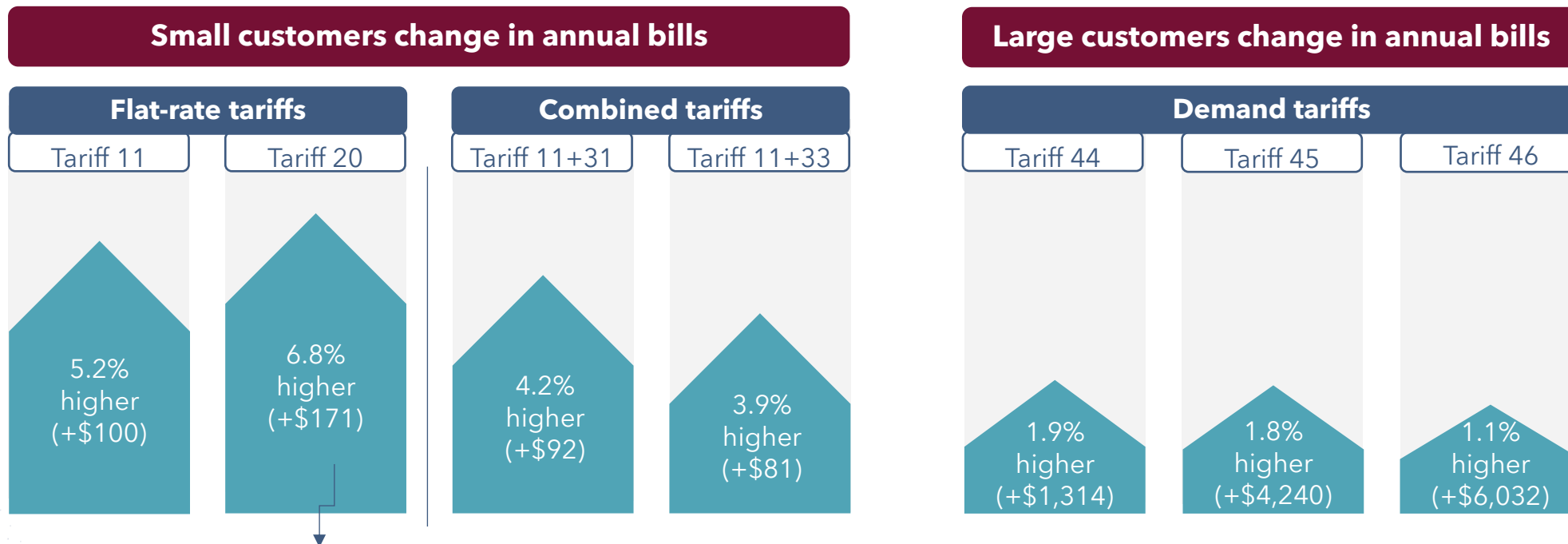
- key aspects of the draft determination, including the:
 - estimated bill impacts
 - factors we consider when making the price determination
- provide information to help stakeholders with their submissions
- Q & A

Burning issues?

Do you have any key questions you want us to cover?

Overview of draft prices / indicative customer impacts

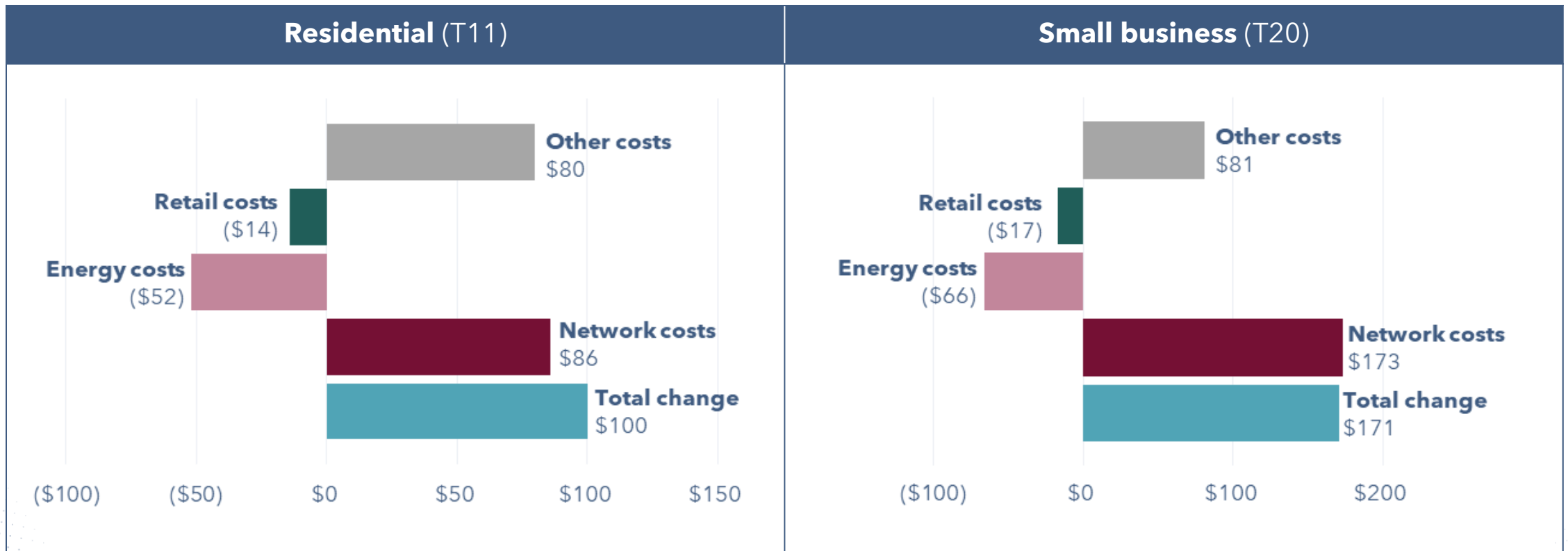
We forecast an increase in the underlying cost of supplying energy to customers – this is reflected in the draft notified prices for 2025-26 (compared to current 2024-25 prices).



- The draft default market offer (DMO) set by the AER for SEQ acts as a cap for small customer notified prices. This year, small business customer notified prices were reduced to reflect this.
- Bill impacts are indicative only – a customer's actual bill will vary based on their consumption and the application of any government rebates or concessions.

Cost drivers

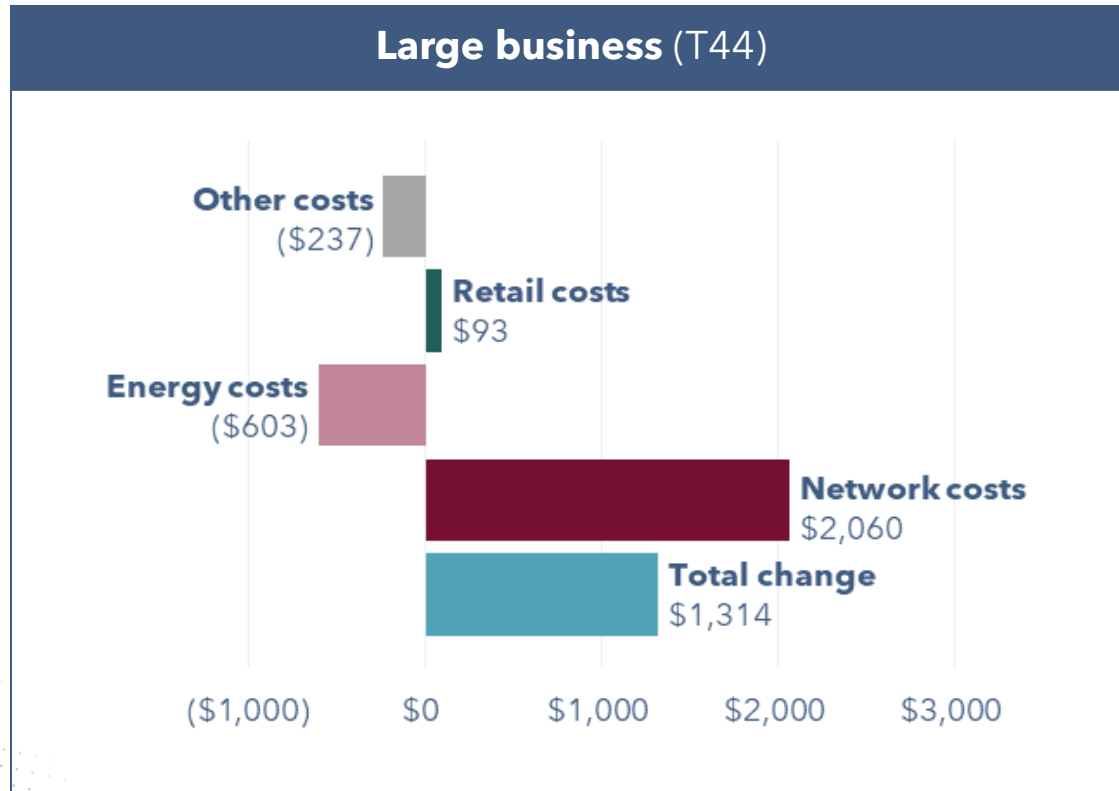
Change in individual cost components (2024-25 to 2025-26)



- Changes in cost components based on an indicative bill
- Other costs include SRES and the standing offer adjustment.

Cost drivers (cont.)

Change in individual cost components (2024-25 to 2025-26)



- Changes in cost components based on an indicative bill

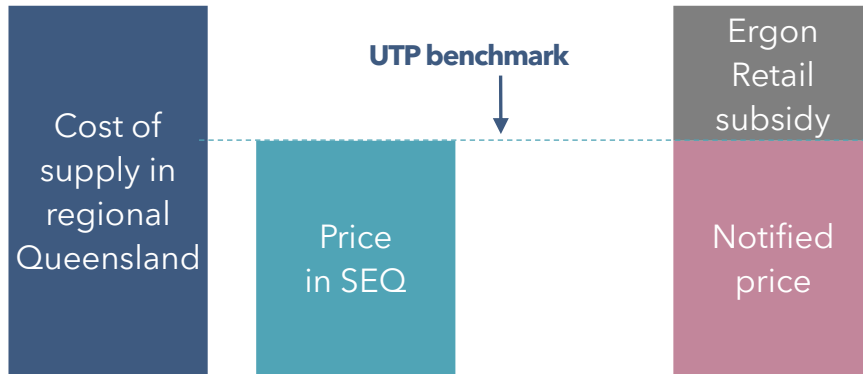
Overarching framework

We use a well-established framework to set notified prices, based on factors in the Electricity Act and matters in the Minister's delegation, which include:

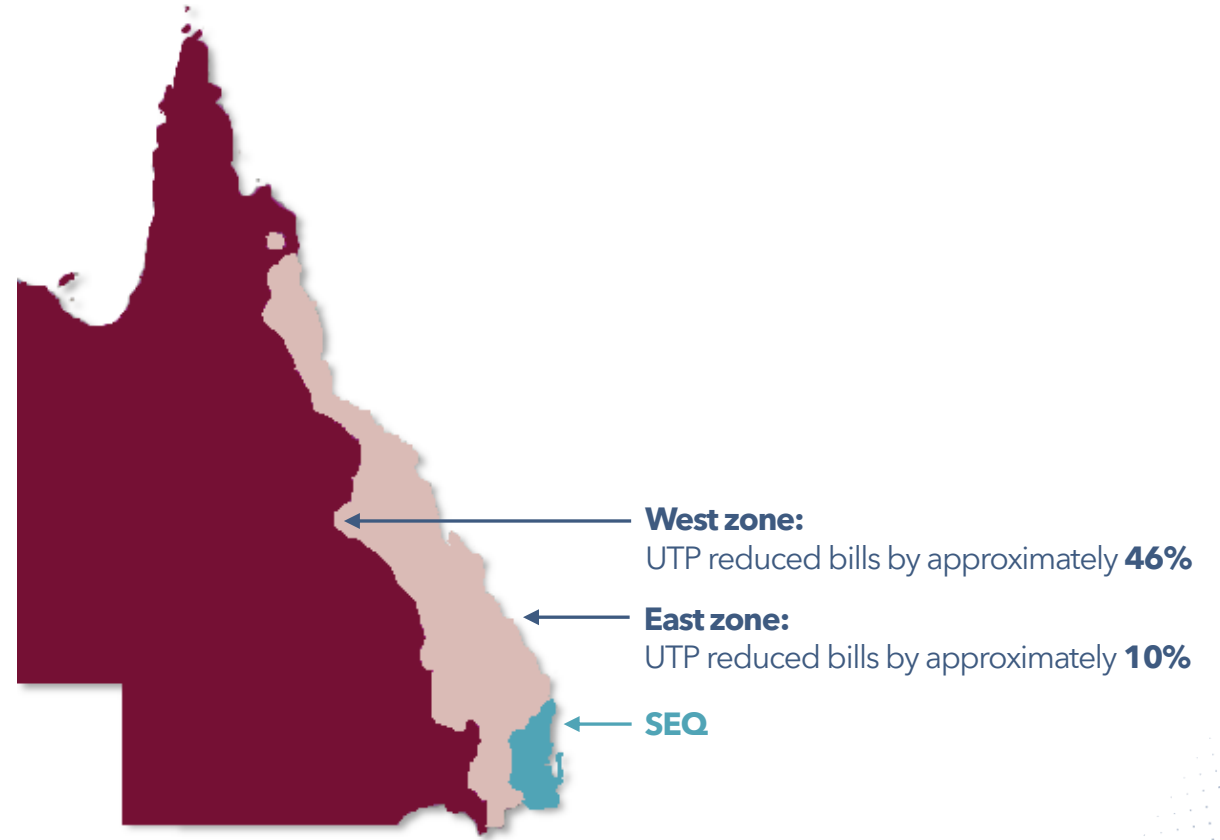
- costs of supplying the service
- using the **network plus retail (N+R) framework**
- continuing to apply the government's **uniform tariff policy (UTP)**.

Uniform tariff policy

The UTP is a Queensland Government policy to help make electricity more affordable for customers in regional Queensland.

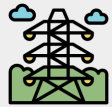


- Notified prices are set below the actual cost of supply.
- The Queensland Government pays the cost difference to Ergon Retail (around \$603 million in 2024-25).*
- Without the UTP, electricity prices for most customers would be higher.



N+R cost build-up methodology

There are **four primary cost components** in our cost build-up methodology, which determine the prices:



Network costs – include the cost of transporting electricity through the network and other costs like the solar bonus scheme.

} **N component**



Retail costs – include customer services like call centres, administrative tasks (e.g. sending bills), and metering services

} **R component**

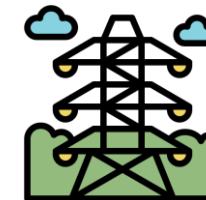


Energy costs – include costs to buy electricity from the wholesale market and the costs to comply with environmental schemes



Other costs – cover the costs of the small-scale renewable energy scheme (SRES) and the standing offer adjustment (SOA).

Network costs



Network costs are the costs of transporting electricity through transmission and distribution networks. These are approved by the Australian Energy Regulator.

We use network prices as the basis for our notified prices:

For small customer standard retail tariffs	For large customer standard retail tariffs
Based on Energex (SEQ) network prices	Based on network prices in Ergon's lowest cost region connected to the NEM

Network costs are expected to increase for all customer groups:

Tariff 11	Tariff 20	Tariff 44
+\$86 or 12.9%	+\$173 or 19.4%	+\$2,060 or 5.1%

Draft network prices provided by Ergon and Energex were used in the draft, as AER-approved prices were not available. We intend to use the AER-approved network prices in our final determination, if possible.

Retail costs



Retail costs are the costs of running a retail electricity business, including customer services, billing and administrative tasks.

For small customers, digital metering costs are included (based on the roll-out of digital meters in regional Qld).

Our estimates

- use an established retail cost benchmark (based on competitive market costs)
- use AER metering costs.

Retail costs are expected to decrease for small customers and increase for large customers:

Tariff 11
-\$14 or -4.0%

Tariff 20
-\$17 or -2.6%

Tariff 44
+\$93 or +2.0%

Energy costs



The main component of energy costs is wholesale energy costs. – which is the costs retailers incur when they purchase electricity for their customers in the national electricity market (NEM).

Retailers use hedging strategies to manage risk when purchasing from the NEM.

Our estimates

- use a market-based approach that simulates the NEM from a retailer’s perspective
- are based on ASX energy futures contract prices, as these are publicly available
- use ASX data until 21 February 2025
- use data from digital meters, including on solar exports.

Energy costs are expected to decrease for all customer groups:

Tariff 11	Tariff 20	Tariff 44
-\$52 or -5.8%	-\$66 or -5.8%	-\$603 or -2.4%

Energy costs may change as we will use additional contract data in our final determination.

DMO cap for small customers

Standing offer adjustment (SOA)

- intended to **reflect the value of more favourable T&C's in standard contracts relative to market contracts**
- small customer tariffs only

We calculated a SOA of 3.35%. Using SEQ market data (this reflects the additional fees SEQ customers on market offers could incur annually that are not reflected in standard contracts).

DMO comparison

As required by the Minister's delegation, we have compared **notified prices** (incl the SOA of 3.35%) with the AER's **default market offer** (DMO) for SEQ.

Notified price bill
including SOA
(in regional Queensland)



DMO reference bill
(in SEQ)

This year, the draft notified price bill for small business customers **exceeded** the draft DMO reference bills.

SOA reduction

As a result, **we reduced the SOA for small business customer tariffs to -2.37%.**

This **may change** in our final determination when we use the AER's final DMO for the comparison

Changes to network tariffs

We propose to change or phase out various retail tariffs due to changes in network tariffs

Tariff made obsolete* with a 12-month phase-out date

Introduce standard retail tariff based on new network tariff structure

T22B, T22C, T24A, T44, T50A

There are changes to the underlying network tariffs. New retail tariffs are introduced to reflect these changes (available to new customers and existing customers that opt in).

Do not introduce a new retail tariff

T45, T46, T52A, T52B, T52C.
T50, 62A, 65A, 66A (already obsolete)

The underlying network tariffs are being withdrawn.

Tariff extinguished immediately

T14B, T24B

The underlying network tariffs are being withdrawn. No transition period is provided because alternative tariffs are available, including tariffs of the same type (demand tariff), and the number of affected customers is limited.

Tariff changed immediately

T12B, T12C, T14A, T31, T33, T60B

Changes to the underlying network tariff structure will be implemented immediately. No transition period is provided as changes are relatively minor.

New retail tariffs introduced

Large business time-of-use (TOU) energy, CAC TOU demand (4 variants based on connection type)

Given there is reasonable certainty around the terms and conditions for the new network tariffs, we propose to introduce new retail tariffs based on these. As there is less certainty around other new network tariffs, including the associated terms and conditions, we are not proposing to implement these at this time, but could in future.

Next steps



Draft determination

Stakeholders can review our draft determination, which is available on our [website](#).
Our information booklet provides an overview of the draft determination.



Submissions

We invite stakeholders to submit written comments on issues raised in the draft, or any other matters related to our price determination.
Submissions are due by **23 April 2025**. Information on how to make a submission can be found in our draft report and on our [website](#).



Final determination

We will make a final determination by 7 June 2025.
The notified prices will apply from 1 July 2025.

Question and answer session



Please keep in mind that this Q&A session is to provide clarification on matters in our draft determination.

We encourage stakeholders to provide written submissions about matters you want the QCA to consider when making the final determination.



**Thank you for participating in
today's information session.**