

Notified electricity prices 2025-26

20 December 2024

This interim consultation paper (ICP) sets out the key issues for our determination of regulated retail electricity prices (notified prices) for regional Queensland to apply in 2025-26.



Stakeholders are invited to make submissions on this consultation paper by **24 January 2025**.

Framework and approach

We set notified prices in accordance with the requirements of the *Electricity Act 1994* and the delegation from the Treasurer, Minister for Energy and Minister for Home Ownership (the Minister).¹

Box 1 sets out the key matters we must consider when setting notified prices. These matters align closely with those considered in previous determinations and the approaches used to set notified prices in the past.

Our methodology for setting notified prices is well established and uses a cost build-up approach to set notified prices that include:

- **network costs (the N component)** – these cover the distribution and transmission costs involved with transporting electricity to customers
- **retail costs (the R component)** – these include the costs associated with buying and selling electricity to customers and consist of:
 - energy costs: the costs incurred by retailers when purchasing electricity in the national electricity market (NEM) for their customers, including wholesale energy costs and other NEM-related operational expenses
 - retail costs: the costs associated with running a retail electricity business, such as billing systems and administrative costs.

The notified prices we set using the N+R methodology represent the estimated costs to a retailer to supply electricity to customers over the price determination period. However, we also have regard

¹ We received the delegation on 20 December 2024. A copy of the delegation is provided in appendix A.

to the Queensland Government's uniform tariff policy (UTP), which reduces prices for most customers in regional Queensland.

Box 1: Overarching framework for our determination

The Electricity Act requires us to have regard to the following factors when setting notified prices:²

- the actual costs of making, producing or supplying the goods or services
- the effect of the price determination on competition in the Queensland retail electricity market
- any matters specified in the Minister's delegation.³

The Minister's delegation (see appendix A) outlines the terms of reference for our review. Among other provisions, the delegation specifies policies, principles and matters we must consider when making our determination, including:

- use of the network plus retail cost build-up methodology (N+R framework) to set notified prices. This involves passing through network tariffs and prices approved by the Australian Energy Regulator (AER) and adding retail and energy costs, which we determine
- the Queensland Government's UTP, 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. This policy results in most customers paying prices below the actual cost of supply, with the difference covered by a community service obligation payment from the Queensland Government.

For small customer tariffs, we also consider incorporating a standing offer adjustment (SOA) in the notified prices. The SOA is intended to reflect the value of the more favourable terms and conditions in standard contracts compared to market contracts. However, we also consider reducing the SOA if notified prices exceed the equivalent default market offer (DMO)⁴ reference bills set by the AER for south-east Queensland.

Review process and consultation

We invite all stakeholders, including members of the community, to participate in our review.

We welcome feedback on all aspects of our review, including our existing methodology for setting notified prices and any matters arising from the Minister's delegation. While the methodology and approach we apply to set notified prices is well-established, we continue to look for ways to improve the accuracy of our estimates, building on the refinements made in the past. For example, to

² Electricity Act s. 90(5)(a).

³ We may also have regard to any other matter we consider relevant (s. 90(5)(b)).

⁴ The AER sets a default market offer each year, which caps the price retailers can charge small customers on standard retail contracts in south-east Queensland.

improve our wholesale energy cost estimates for 2024-25 we incorporated additional advanced digital meter (ADM) data on customer generated solar energy exported back to the grid.⁵ We will consider any feedback in the context of our requirements under the Electricity Act and the delegation from the Minister (summarised in Box 1).

We are particularly interested in stakeholder comments about changes to network tariff arrangements in the context of notified prices.

Changes to network tariffs for 2025-30

In line with the N+R methodology, the network prices and tariff structures approved by the AER are an important input into the notified prices we set.

This year, Energex and Ergon Distribution have proposed changes to the existing suite of network tariffs, which, considering the N+R framework, has implications for the notified prices we set (summarised in Box 2).

We seek stakeholder comments on any issues associated with the implementation of changes to underlying network tariff arrangements in notified prices, including any appropriate transition arrangements that should be put in place. In particular, we are interested in stakeholder views on:

- the best way to manage and transition customers on notified prices that have underlying network tariffs that are likely to be removed from 1 July 2025
- whether customers require a transition period where the structure of their existing tariff will change, such as changes to the time-of-use charging windows and changes to large customer tariffs
- whether there would be any difficulties for retailers to offer new retail tariffs, or implement changes to existing retail tariffs, by 1 July 2025, noting the timeframes for our notified prices review.

⁵ OCA, [Regulated retail electricity prices in regional Queensland 2024-25](#), final determination, June 2024, pp. 18-19.

Box 2: Network tariffs for 2025-30

The AER is currently assessing Energex and Ergon Distribution's revenue and network tariff proposals for the 2025-30 regulatory period.⁶

Among other things, the regulatory proposals include tariff structure statements which set out the network tariffs each distributor proposes to have in place over the regulatory period and include:

- changes to the structure of some existing network tariffs, including the introduction of time-of-use consumption charges to small customer demand tariffs and changes to the type of demand charge for the underlying network tariff for tariff 44
- changes to the charging windows for small and large customer tariffs:
 - the off-peak window is to be changed to 11 am–4 pm for residential customers and 11 am–1 pm for small and large business customers
 - the peak window will be changed to 5–8 pm on weekdays (for small and large business customers)
- removal of network tariffs, including the underlying network tariffs for the small customer tariffs 14B and 24B, and the large customer tariffs 45, 46, 52A, 52B and 52C on 1 July 2025
- the introduction of new network tariffs to commence from 1 July 2025 – these include a new flexible load control tariff for residential and small business customers, and the introduction of new high voltage large customer tariffs.

We note the network tariff arrangements to apply from 1 July 2025 have yet to be finalised – the AER is expected to make its final determination in April 2025.

Indicative consultation timetable

The ICP is the first step in our price determination process. Stakeholders are invited to make a written submission on any issues relevant to our review by **24 January 2025**. Information on making a submission is provided in the 'Submissions' section of this paper.

We will consider all submissions received by this time in preparing our draft determination, which we expect to publish in March 2025. Our draft decision must be made within one week of the AER publishing its draft DMO decision (due mid-March 2025).

The timetable below indicates when we intend to publish reports, hold stakeholder information sessions and seek further stakeholder submissions.

⁶ You can find more information on the AER's website about [Energex](#) and [Ergon Distribution](#)'s regulatory proposals.

Figure 1: Indicative timetable



Stakeholders can [subscribe to our email alerts](#) to keep up to date with the latest developments on this review, including on the information sessions.

Submissions

Closing date for submissions: 24 January 2025

Public involvement is an important element of our decision-making processes. Therefore, we invite submissions from interested parties. We will take account of all submissions received within the stated timeframes. Submissions, comments or inquiries regarding this paper should be directed to:

Queensland Competition Authority

GPO Box 2257, Brisbane QLD 4001

Tel 07 3222 0555

www.qca.org.au/submissions/

Confidentiality

In the interests of transparency, and to promote informed consultation, we intend to make all submissions publicly available. However, if a person making a submission believes that information in it is confidential, they should claim confidentiality over the relevant information (and state the basis for that claim). We will assess confidentiality claims in accordance with the *Queensland Competition Authority Act 1997*. Among other things, we will assess if disclosure of the relevant information is likely to damage a person's commercial activities, and we will consider the public interest.

Claims for confidentiality should be clearly noted on the front page of a submission, and relevant sections of the submission marked as confidential. The submission should also be provided in both redacted and unredacted versions. In the redacted version, all information claimed as confidential should be removed or hidden. In the unredacted version, all information should be exposed and visible. These measures will make it easier for us to make the remainder of the document publicly available. A confidentiality claim template is available at www.qca.org.au/submission-policy/

The template gives guidance on the type of information that may help us to assess a confidentiality claim. We encourage stakeholders to use this template when making confidentiality claims.

Public access to submissions

Subject to any confidentiality constraints, submissions will be available for public inspection at our Brisbane office or on our website at www.qca.org.au/. If you experience any difficulty gaining access to documents, please contact us on **07 3222 0555**.

Appendix A: Minister's delegation



The Hon. David Janetzki MP
Treasurer
Minister for Energy
Minister for Home Ownership

1 William St Brisbane
GPO Box 611 Brisbane
Queensland 4001 Australia
Email treasurer@ministerial.qld.gov.au
Website www.treasury.qld.gov.au

ABN 90 856 020 239

Our Ref: QT 00456-2024/ MN 10980-2024

Professor Flavio Menezes
Chair
Queensland Competition Authority
GPO Box 2257
BRISBANE QLD 4001

Email: [REDACTED]

Dear Professor Menezes

Pursuant to section 90AA of the *Electricity Act 1994* (the Act), I am delegating to the Queensland Competition Authority (QCA) the functions under section 90(1) of the Act for the determination of regulated retail electricity prices in regional Queensland for the 2025–26 Tariff Year.

The enclosed Delegation No. 1 2024 is for the setting of notified prices for existing retail tariffs in the usual manner. To achieve this, I ask QCA to consider applying the same cost build-up methodologies it used in setting prices for 2024–25 for all current tariffs.

Additionally, pursuant to section 93 of the Act, I direct the QCA to decide the flat rate regional Queensland solar feed-in tariff (FIT) for the 2025–26 Tariff Year.

As you are aware, the Queensland Government's uniform tariff policy (UTP), as described in the Delegation, provides an important and longstanding mechanism to ensure people living in regional Queensland pay equivalent prices to those in South East Queensland (SEQ) – despite the actual higher costs of delivering electricity to those areas.

As such, I require the QCA continue to apply the UTP and to consider the SEQ Default Market Offer (DMO) price to be a cap – meaning the standard flat rate tariffs should be set no higher than the equivalent SEQ DMO. For the removal of doubt, this means a negative Standing Offer Adjustment (SOA) can be applied if necessary to deliver on the Queensland Government's UTP. 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 Australian Energy Regulator (AER).

I note the 2025–2030 Energex and Ergon Energy network regulatory reset period will apply from 1 July 2025. As such, the delegation provides that the QCA should consider its approach to incorporating underlying network tariffs in its standard retail tariff decisions, including the option for transitional arrangements where network tariffs will become obsolete or expire, if deemed necessary.

In the enclosed Direction for the regulated FIT, I ask that the QCA continue to apply its avoided cost methodology, consistent with the previous years' decisions. However, for the 2025–26 decision, the QCA may consider including a public consultation process, while undertaking consultation activities for the regulated electricity pricing decision.

The QCA is required to publish its draft determinations within one week after the AER publishes the draft DMO for the 2025–26 tariff year, and to publish its final determinations by 7 June 2025.

Queensland Treasury will be available to consult with the QCA on the 2025–26 price determination and FIT. If you require further information or assistance with this matter, Ms Kaitlyn Stutz, Executive Director, Energy, Queensland Treasury, can be contacted by email at [REDACTED]

Yours sincerely



DAVID JANETZKI MP
Treasurer
Minister for Energy
Minister for Home Ownership

19 / 12 / 2024

Encl. (2)

QUEENSLAND TREASURY
Electricity Act 1994
ELECTRICITY (MINISTERIAL) DELEGATION (NO. 1) 2024
to the Queensland Competition Authority

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.

Powers delegated

10. Subject to the conditions of this delegation, I delegate all of the Minister's functions under section 90(1) of the Act to the QCA for the tariff year 1 July 2025 to 30 June 2026.

Conditions of delegation

11. 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.
12. In exercising the delegated functions under section 89A, the QCA, as the pricing entity, must have regard to all of the matters set out in section 90(5)(a) of the Act, which includes the terms of reference in the Schedule to this delegation.
13. In exercising the delegated functions, the QCA must have regard to all relevant statutory provisions, whether referred to in this delegation or not.

Revocation

14. All earlier delegations of the Minister's powers under section 90(1) of the Act are revoked.
15. Unless earlier revoked in writing, this delegation ceases upon gazettal by the QCA of its final price determination on regulated retail electricity tariffs for the 2025–26 tariff year under section 90AB of the Act.

Note to delegation

16. 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 David Janetzki MP**, Treasurer, Minister for Energy and Minister for Home Ownership.

Signed:



The Honourable David Janetzki MP
Treasurer
Minister for Energy
Minister for Home Ownership

Dated:

18/12/24

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. These Terms of Reference apply for the tariff year 1 July 2025 to 30 June 2026.

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 are:

(a) *Retail pricing policy:*

- (i) the Government's Uniform Tariff Policy (UTP), 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) *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.

When determining the N components for each regulated retail tariff, where retained:

- (i) for residential and small business customer Tariffs 11, 20, 31 and 33 - basing the network cost component on the relevant Energex network charges to be levied by Energex and the relevant Energex tariff structures;
- (ii) for all other residential and small business customer tariffs, except for those set out in (b)(iii) below - basing the network cost component on the price level of the relevant Energex network charges to be levied by Energex, but utilising the relevant Ergon Energy Corporation Limited (EECL) tariff structures;
- (iii) for tariffs 62A, 65A, 66A (if relevant) and all large customer tariffs – basing the network cost component on the relevant EECL network charges to be levied by EECL in the 'East distribution pricing zone – Transmission pricing zone T1.
- (iv) For all other existing standard tariffs – maintaining these tariffs including price structures and access criteria unless otherwise set out in this delegation, and for those that do not have a network tariff of similar structure and access requirements in the tariff year, considering if there is an existing applicable network costs component to apply as the most suitable network tariff consistent with the above.
- (v) In the event of significant uncertainty of both the prices and price structure of network tariffs to apply during the tariff year, and the QCA determines that there is insufficient time for the determination of the N component, use of a price indexation methodology to determine the N component for existing standard tariffs as set out in the current Tariff Schedule.

(c) *Transitional Tariff Arrangements:*

- (i) Given some network tariffs may become obsolete through the 2025-2030 network regulatory reset period, consider if standard retail tariffs that are based on the

- relevant N component will be phased-out transitionally or become obsolete in the Tariff Year.
- (d) *Small customer metering costs:*
- (i) basing small customer retail metering service costs, an element of R components for each regulated tariff, on the Energex rate for standard Type 6 small customer metering services plus costs incurred by retailers operating in the Energex distribution area for small customer advanced digital metering services;
 - (ii) having regard to the installation volume of advanced digital meters using Ergon Energy Retail and other electricity retailer forecast deployment information and existing deployed stock levels;
 - (iii) applying a cost 'true-up' based on any difference between the forecast and actual volume of advanced digital meter installations for the previous tariff year as advised by retailers; and
 - (iv) setting a series of retail charges generally based on Ergon Energy Retail's averaged costs of manually reading a Type 4A meters associated with each of the electricity feeder types set out in the Electricity Distribution Network Code. The charges should apply to Standard Contract Customers who have voluntarily chosen to have the remote communication function of the advanced digital metering installed at their premises disabled.
- (e) *Default tariffs:*
- (i) if there is an ongoing need for the existing nomination of a primary tariff for each class of small customer to apply to a customer's electricity account in the event the customer does not nominate a primary tariff when opening an electricity account; and
 - (ii) any need for tariff assignment arrangements where a customer is deemed to have entered a standard contract.
- (f) *Customer retail services:*
- Continue enabling retailers to also charge Standard Contract Customers for the following customer retail services that are not included in regulated retail tariffs:
- (i) Amounts in accordance with a program or scheme for the purchase of electricity from renewable or environmentally-friendly sources (whether or not those additional amounts are calculated on the basis of the customer's electricity usage), but only if:
 - i. the customer voluntarily participates in such program or scheme;
 - ii. the additional amount is payable under the program or scheme; and
 - iii. the retailer gives the customer prior written notice of any change to the additional amount payable under the program or scheme.

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

Interim Consultation Paper

3. The QCA may publish an interim consultation paper identifying key issues to be considered when making the price determination.
4. The QCA may publish a written notice inviting submissions about the interim consultation paper. The notice may state a period during which anyone can make written submissions to the QCA about issues relevant to the price determination.
5. The QCA may 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 may publish an annual 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. In consideration of submissions in response to the interim consultation paper, the QCA must consider the merits of additional public consultation (information sessions and papers) on identified key issues.
- 8.

Draft Price Determination

8. The QCA must investigate and publish its draft price determination on regulated retail electricity 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 regulated retail electricity 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 interim consultation paper for the 2025–26 tariff year no later than one month after the date of this Delegation.
14. The QCA must publish the draft price determination on regulated retail electricity tariffs no later than one week after the publication by the Australian Energy Regulator of its draft Default Market Offer for the 2025-26 tariff year.
15. The QCA must publish the final price determination on regulated retail electricity tariffs for the 2025–26 tariff year and have the retail tariffs gazetted no later than 7 June 2025.

(SCHEDULE ENDS)