



26 February 2015

**SUBMISSION ON QCA DRAFT DETERMINATION ON
REGULATED RETAIL ELECTRICITY PRICES FOR 2015-16**

BACKGROUND

The Queensland Consumers' Association (the Association) is a non-profit organisation which exists to advance the interests of Queensland consumers. The Association's members work in a voluntary capacity and specialise in particular policy areas, including energy. The Association is a member of the Consumers' Federation of Australia, the peak body for Australian consumer groups and is represented on the Queensland Competition Authority's Consumer Consultative Committee and the Energy and Water Queensland Ombudsman's Advisory Council. The Association is also a member of the Queensland Council of Social Service's Essential Services Consultative Group.

The Association welcomes the opportunity to make this submission.

The contact person for this submission is: Ian Jarratt, email ijarratt@australiainmail.com

GENERAL COMMENTS

This submission only addresses issues that have a direct impact on residential customers.

As indicated in our previous submission, we believe that the 2015-16 determination of retail prices in regional Queensland should continue with the approach taken in previous determinations, when the regulated prices applied to the entire state, of using Energex network tariffs for the setting of all regulated tariffs for household consumers.

We take this position primarily because it best fits with the existing Uniform Tariff Policy (UTP) and the approach should not be changed until the outcome of any review of the UTP is known.

Regarding the UTP, we welcome the recent release of the QCA's final advice in April 2014 to the then Minister for Energy and Water Supply and the Minister's response.

SPECIFIC COMMENTS

Use of Energex network tariffs

As indicated above, we believe that the 2015-16 determination of retail prices in regional Queensland should continue with the approach taken in previous determinations when the regulated prices applied to the entire state of using Energex network tariffs for the setting of all regulated tariffs for household consumers.

Therefore, we do not support the use of Ergon network tariffs for regulated time of use tariffs.

Tariff 13

We do not support the removal of tariff 13. We consider it important that consumers in Ergon's area should have access to the same range of retail tariffs as those in Energex's area. This

is especially so in the short term when there are many uncertainties about the tariffs to be offered by retailers in Energex's area and about Ergon's future policies towards direct control of air conditioners.

Energy and Retail Costs

CARC

As indicated in previous submissions, we consider that there should be no allowance for CARC.

Retail margin

As indicated in previous submissions, we consider that the assumed retail margin of 5.7% of all costs is too high.

Headroom

As indicated in previous submissions, we consider that there should be no headroom and if headroom is included it should be much lower than 5%.

Presentation of impacts on consumer bills

To increase their relevance and accuracy, wherever possible estimates of impacts on bills of tariff changes in the final determination should be shown for actual classes of Ergon customers and typical consumption levels and should include the impact of tariffs 31 and 33 not just Tariff 11.