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2 March 2015

Dr Malcolm Roberts  
Chairperson  
Queensland Competition Authority  
electricity@qca.org.au  
*submitted electronically*

Dear Dr Roberts,

### **Draft Determination - Regulated Retail Electricity Prices for 2015-16**

Thank you for the opportunity to provide comments on the QCA's Draft Determination on Regulated Retail Electricity Prices for 2015-16.

COTA Queensland is a state based organisation committed to advancing the rights, needs and interests of people as they age in Queensland. We aim to help create a more just, equitable and caring community in which older people are actively involved and have access to appropriate support, services and care. COTA Queensland believes that everyone, regardless of age, health status, wealth or social status has a fundamental right to sustainable, ongoing, secure and affordable access to energy. Our submission will only consider the proposed regulated retail electricity prices for residential consumers.

In October 2014, COTA Queensland provided comments to the QCA on the Interim Consultation Paper on Regulated Retail Electricity Prices for 2015-16. Whilst we acknowledge the QCA's response to the issues we raised in that submission, we wish to draw attention to two specific matters of concern presented in the draft determination.

#### *Retail Margin*

We support the adoption of a benchmarking approach for the estimation of retail operating costs, however we do not support setting the retail margin at 5.7% of total costs. In the draft determination, it is argued that 5.7% was the retail margin established after extensive analysis by IPART in its 2013 decision, and that Queensland and NSW retailers face similar levels of risk. In the absence of real competition in regional Queensland, we contend that the level of risk faced by Ergon Retail is much lower than that faced by competitive retailers in south east Queensland and NSW. Therefore we believe that the proposed retail margin of 5.7% is overly generous. In our view, a retail margin between 2% and 3% would be more appropriate.

#### *Re-balancing the fixed and variable charges in tariff 11*

COTA Queensland is very concerned with the proposed continuation of 're-balancing' of fixed and variable charges in tariff 11 because of the significant and adverse impacts that this will have on older

Queenslanders on low and fixed incomes. Although the delegation requires the QCA to consider completing the rebalancing using the approach established in the 2013-14 determination, we do not believe that it is necessary or desirable at this time. These changes are likely to be superseded by the distribution network tariff reforms which are currently underway.

Under the proposed changes, a frugal single pensioner on tariff 11 will experience an annual price increase of 9% (or \$85) in 2015-16, and more if they are also a tariff 31 customer. Pension increases will not be sufficient to address this shortfall. QCA has suggested that it is a matter for the Government to decide whether additional assistance measures are appropriate.

Having recognised that there will be a significant cost increase for this group of financially vulnerable consumers, COTA Queensland calls on the QCA to provide analysis and formal advice to the Queensland Government drawing attention to the impact of the anticipated price rises, and recommending a review of the adequacy of current concessional arrangements for electricity in Queensland.

If you require additional information about COTA Queensland or its energy policy position, please contact me on telephone (07) 3316 2999 or by email to [mte@cotaqld.org.au](mailto:mte@cotaqld.org.au).

Yours sincerely

A handwritten signature in black ink, appearing to read 'Mark Tucker-Evans', written over a horizontal line.

Mark Tucker-Evans  
**Chief Executive**