

25 JUL 2011

DATE RECEIVED

Electricity Charges 04

3 Ayr Close
Westlake Q 4074Queensland Competition Authority
GPO Box 2257
BRISBANE Q 4001

July 20, 2011

Review of Regulated Retail Electricity Tariffs & Prices, June 2011 – SUBMISSION

1. I am in receipt of a copy of your Issues paper and wish to make a Submission, pertaining in particular, to any fixed charges being considered by your Review.
2. Energex's letter to you dated July 7, 2011 suggests a "fixed service charge (c/day)".
3. The level of any fixed service charge will directly impact on the viability of our domestic solar installation, which presently feeds back into the electricity grid. The viability of our solar installation was considered relying on the current fixed daily charge of some 20 cents per day. Our solar system produces a similar quantity of electricity per annum as our annual usage, and as such, was intended to provide a buffer against increasing electricity costs.
4. On reading the Issues paper, and particularly the Minister's direction and covering letter, I don't see anything which mandates a fixed charge. These documents seem to imply that all new charges should relate to usage.
5. Having discussed the possible introduction of increased fixed charges with other people with solar installations, it seems that we would all be disadvantaged by any increase in these current fixed charges. As a result, there could be no incentive for solar households to conserve electricity.
6. I attach copies of my letters to the Minister dated July 16, 2011 and June 5, 2011, which both set out my concerns. I trust you can consider solar households as stakeholders in this matter, and ensure that as stated in the Minister's letter to me dated July 12, 2011 "*The steps you have taken to reduce your energy consumption, will further benefit you under the pricing structure.*"

Yours faithfully


Alan Telfer

3 Ayr Close
Westlake Q 4074

ENERGY & WATER
OMBUDSMAN. QLD.

June 5, 2011 Ph 32793902

ATTN. JOHN JONES.

FAX. 3227 7068

FAXED

PROPOSED ELECTRICITY BLOCK TARIFF

We are concerned by the report by Steven Wardill in the Courier Mail on May 12, 2011 regarding the introduction of "Inclining Block Tariff".

Our concern is that no consideration has been made for those of us who have installed solar power systems as a result of encouragement and incentives from Government to do so. Whilst incentives have been good, they were in fact essential to make the initial investment viable.

A viable solar system could, in most cases, be reducing the average quarterly bill for a household to less than the \$200 mooted.

If the fixed quarterly charge is around \$200, there will be no incentive for further investment in solar electricity, and those such as ourselves, will feel that the action we took in investing in solar has been taken advantage of by the introduction of rule changes which would make our investment financially impractical had they been made known previously. In plain terms we will have been ripped off.

Should this additional fixed quarterly charge be introduced (we already pay a daily fixed charge of some 21 cents for service), many people would decide not to install solar power systems.

Government has invested a lot of our money in advertising and promoting solar electricity to householders. The introduction of the fixed quarterly charge would result in much of this money being a waste. It would also not assist in the reduction of pollution by our coal fired power stations or the need to expand the existing generating facilities.

Alan Telfer, Westlake.

3 Ayr Close
Westlake Q 4074

July 16, 2011 Ph 32793902

Hon Stephen Robertson MP
Minister for Energy and Water Utilities
PO Box 15216
CITY EAST Q 4002

✓ POSTED

PROPOSED ELECTRICITY BLOCK TARIFF

Dear Sir

Thank you for your letter of July 12, 2011 - Reference MC8749 MO/11/1389.

I am pleased to read that the amount of the fixed quarterly charge has not yet been determined, as you will have time to consider the amount of these fixed charges and take into consideration my concerns. I note that you have undertaken that under the new pricing structure, we will not be disadvantaged.

To possibly repeat myself in attempt to clarify our situation, and possibly that of many other solar input users, we presently pay some 21 cents per day, which equates to \$20 per quarter in the form of a fixed service fee. We then receive credits on our input, balanced against power taken from the grid, our quarterly electricity bills provide us with a credit, even after deducting the fixed fee daily charge. If the fixed quarterly charge you propose is introduced at a higher rate than the 21 cents per day we currently pay, then we will be disadvantaged unless some provision is made to compensate us and other solar households!

Should the fixed quarterly charge be determined at a level of \$200, then the viability of solar power at the householder level would be immediately unviable, and all the effort and assistance channelled towards the introduction of clean energy by both the State and Federal Governments be undermined.

Much of the second part of your letter appears not relevant to the issue I am trying to have you look into. Tariff rates and voluntary time of use tariffs will have no effect on the matter I am raising.

I do note that QCA will be taking comprehensive consultation process and I would like to register my interest in participating in this process.

Yours sincerely

Alan Telfer



Hon Stephen Robertson MP
Member for Stretton



**Queensland
Government**

RECEIVED
14 JUL 2011

Minister for Energy and
Water Utilities

MC8749
MO/11/1389

BY:.....

12 JUL 2011

Mr Alan Telfer
3 Ayr Close
WESTLAKE QLD 4074

Dear Mr Telfer

Thank you for your letter of 5 June 2011 about the new network inclining block tariffs and the potential effect on solar power users.

I note your concern with the proposed network inclining block tariff and a fixed quarterly charge. However, the amount of the fixed quarterly charge to be applied under the new tariff structure has not yet been determined as the new tariff rates and structures for 2012-13 will be determined by the Queensland Competition Authority (QCA) over the next 12 months as part of its consultation process. I would also like to reassure you that the Queensland Government's Solar Bonus Scheme, which currently pays a feed-in tariff of 44 cents per kilowatt hour for surplus electricity fed into the grid, will not be affected by the proposed inclining block tariff model. The steps you have taken to reduce your energy consumption will further benefit you under the new pricing structure, as customers using less electricity will pay a lower price than high consumption users.

By way of background, in 2009 the Queensland Government directed the QCA to undertake a review of the existing retail electricity price setting methodology and tariff structures. The QCA submitted two reports to government: the first making recommendations on the existing pricing methodology, and the second making recommendations relating to alternative tariffs. These two reports are available on the QCA's website at: www.qca.org.au/electricity-retail/RevEPandTS/2009Review

In response to the findings of the review, on 11 May 2011 the Queensland Government announced a new price setting methodology to replace the Benchmark Retail Cost Index from 1 July 2012. A new set of tariff structures will also be implemented for notified electricity prices effective from 1 July 2012. The new pricing methodology will make each tariff more cost reflective, meaning that it will reflect the actual cost of supply to customers on that particular tariff. This will make the tariffs fairer and provide greater certainty to consumers and retailers. They will also provide incentives to use electricity more efficiently.

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One innovation will be a voluntary time-of-use tariff for residential customers who have an interval meter installed. Time-of-use tariffs require an interval meter which records electricity consumption information through the day usually on a half-hourly basis. This allows for electricity price variations across different times of the day, week and year, reflecting differences in the underlying costs of providing electricity during these times. This will provide customers with an incentive to shift load away from highly priced peak periods to times when prices are lower, thus achieving a reduction in electricity costs.

Most small customers in Queensland have an accumulation meter which records their total consumption, however these meters are incapable of providing time based information necessary for a time-of-use tariff. Under the current domestic tariff (Tariff 11) the price for electricity consumption is the same regardless of when it is used. Controlled load tariffs (Tariffs 31 and 33) are available for appliances such as pool pumps that do not need supply 24 hours a day.

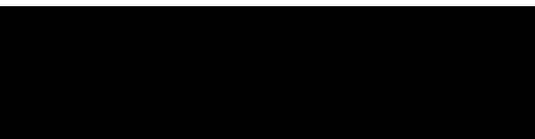
Tariffs 31 and 33 are not time-of-use tariffs, but allow the distributors, ENERGEX and Ergon Energy to shift electrical load from peak demand times, reducing the need for expensive network investments. These savings are passed on to customers in the form of a lower tariff rate than General Domestic Tariff 11. Tariff 31 is available for eight hours per day and Tariff 33 is available for 18 hours per day. The times when supply is available are subject to variation at the discretion of the distribution entity to meet the requirements of the network. You should contact your electricity retailer if you would like more information on these tariffs.

A time-of-use tariff will be offered as an alternative to the general domestic supply tariff (Tariff 11), and it is anticipated that the controlled load tariffs would still be available to complement the time-of-use tariff. These changes are not expected to have any effect on the solar bonus scheme. I reiterate that the uptake of time-of-use tariffs will be voluntary.

The QCA will be undertaking a comprehensive consultation process with stakeholders to ensure that any new pricing methodology is robust and credible. More details of the tariff schedule and tariff options will become available through this process. All interested parties are encouraged to participate in this process.

If you have any questions about my advice to you, Ms Julie Walkington, Project Officer of the Department of Employment, Economic Development and Innovation will be pleased to assist you and can be contacted on telephone 3224 6103.

Yours sincerely

A large black rectangular redaction box covering the signature area.

STEPHEN ROBERTSON MP