

Queensland Competition Authority  
GPO Box 2257  
Brisbane Q 4001

28 October 2014

Dear Sir/Madam,

**Interim Consultation Paper Regulated Retail Electricity Prices for 2015-16 September 2014**

Thank you for the opportunity to comment on the *Interim Consultation Paper Regulated Electricity Prices for 2015-16, September 2014*. Council is generally in agreement with the Queensland Competition Authority's (QCA's) proposed approach to determining regulated retail electricity prices for 2015-16 and wishes to provide comment on one matter only:

3.1 *We seek stakeholders' views on the following:*

- a) *Should we continue to use Energex's tariff structures as the basis for retail tariffs for residential and small business customers?*
- b) *Alternatively, should we use Ergon Distribution's tariff structures for some or all retail tariffs for residential and small business customers?*
- c) ***Are there any other issues we should consider?***

In relation to point c), it is noted that the QCA intends to continue the previous practice of basing retail tariffs for large business customers and street lighting customers on the network charges of Ergon Energy's east pricing zone, transmission region one. As has been advised in relation to QCA's previous retail electricity pricing decisions, Council considers that, due to Ergon Energy's failure to implement time-of-use based network tariffs, this pricing approach provides a disincentive for large business customers to make use of off-peak electricity, in practice penalises those large customers who have historically made use of obsolete time-of-use tariffs and has the potential to artificially inflate peak demand.

Council notes that Ergon Energy has stated its intention to introduce seasonal time-of-use network tariffs for the 2015-16 financial year. However the QCA's stated intention, in the case of Ergon not proceeding with this introduction, is to continue to build new retail tariffs for large customers using the same methodology previously used.

This approach is considered to not provide Ergon Energy with the appropriate incentives to move forward with the introduction of time-of-use based network tariffs. Instead, it is requested that in the instance of Ergon Energy not proceeding with the introduction of time-of-use based network tariffs for 2015-16, QCA give consideration to basing large customer retail tariffs on Energex's equivalent time-of-use based network tariffs. As an example, Energex's network tariffs 3500, 4000 and 4500 for CAC customers incorporate time-of use volume charges. While this does not fully address the issue of incentivising off-peak load shifting by including time-of-use based demand charges, it does provide more effective pricing signals than Ergon Energy's current network tariff structure.

Any queries relating to Council's submission should be addressed to Mr Alan Kleinschmidt, Manager Water Operations. Mr Kleinschmidt may be contacted on the above telephone number or by email at [alan.kleinschmidt@toowoombarc.qld.gov.au](mailto:alan.kleinschmidt@toowoombarc.qld.gov.au).

Yours sincerely,



Kevin Flanagan  
**General Manager Water and Waste Services**