



Minister for Main Roads, Road Safety and Ports  
Minister for Energy and Water Supply

Our Reference: CTS 27888/15

30 NOV 2015

QLD COMPETITION AUTHORITY

09 DEC 2015

DATE RECEIVED

Level 15 Capital Hill Building  
85 George Street Brisbane 4000  
GPO Box 2644 Brisbane  
Queensland 4001 Australia  
**Telephone +61 7 3719 7300**  
**Facsimile +61 7 3224 2493**  
**Email** [mainroads@ministerial.qld.gov.au](mailto:mainroads@ministerial.qld.gov.au)  
**Website** [www.tmr.qld.gov.au](http://www.tmr.qld.gov.au)

Professor Roy Green  
Chair  
Queensland Competition Authority  
Level 27, 145 Ann Street  
BRISBANE QLD 4000

Dear Professor Green

**Re: Regulated Retail Electricity Prices 2016-17**

I write to you to issue a Delegation and Terms of Reference to the Queensland Competition Authority (QCA) for the determination of regulated retail electricity prices for 2016-17 under Section 90AA(1) of the *Electricity Act 1994*.

As you will be aware, the Government made a decision to delay the introduction of price deregulation in South East Queensland (SEQ). While the Government has requested that the Queensland Productivity Commission (QPC) assess the costs and benefits of deregulation as part of its Electricity Pricing Inquiry, without further legislative changes, deregulation of retail electricity prices in SEQ will occur from 1 July 2016. As a result, this delegation applies to retail electricity prices for customers in regional Queensland only.

Given this delegation applies only to regional Queensland, considerations regarding the Uniform Tariff Policy (UTP) and competition in regional Queensland are important. I note that these issues are also under active investigation by the QPC. The Government is committed to maintaining the UTP and will not be considering any options to improve the current arrangements until we have addressed any recommendations from the QPC. The Terms of Reference, therefore, reflects a consistent approach to my delegation for 2015-16.

The removal of price regulation for small customers in SEQ removes a reference point for the determination of prices in regional Queensland. In order to maintain consistency with the regulation of prices in previous years, the Government considers that regulated prices in regional Queensland for small customers should broadly reflect the expected prices for customers on standing offers in SEQ.

Public consultation is a vital part of the QCA's process for determining retail electricity prices and I understand this delegation has been issued later than would normally be the case. As such, the Terms of Reference seeks for the Draft Determination to be issued by 25 March 2016. I trust this provides sufficient time to undertake the necessary consultation to support the Draft Determination and to allow for the Final Determination to be delivered by 31 May 2016.

Yours sincerely

A handwritten signature in black ink, appearing to be 'Mark Bailey', written in a cursive style.

Mark Bailey MP  
**Minister for Main Roads, Road Safety and Ports and  
Minister for Energy and Water Supply**

Att: Delegation and Terms of Reference – Determination of Regulated Retail Electricity Prices for  
2016-17