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**ELECTRICITY ACT 1994**  
**Section 90AA(1)**

**DELEGATION**

I, Honourable Dr Anthony Lynham, Minister for Natural Resources, Mines and Energy, in accordance with the power of delegation in section 90AA(1) of the *Electricity Act 1994* (the Act), delegate to the Queensland Competition Authority (QCA) the function under section 90(1) of the Act of deciding the prices that a retail entity may charge its Standard Contract Customers for customer retail services in Queensland, other than those in the Energex distribution area, for the tariff year 1 July 2018 to 30 June 2019.

The following are the Terms of Reference of the price determination:

**Terms of Reference**

1. These Terms of Reference apply for the tariff year 1 July 2018 to 30 June 2019.
2. The QCA is to calculate the notified prices and publish an annual price determination, in the form of a tariff schedule, in accordance with these Terms of Reference.
3. In accordance with section 90(5)(a) of the Act, in making a price determination for each tariff year the QCA must have regard to the matters set out in paragraph 5 of these Terms of Reference.
4. In accordance with section 90(5)(b) of the Act, the QCA may have regard to any other matter that the QCA considers relevant.
5. The matters that the QCA is required by this delegation to consider are:
  - (a) On 1 July 2016, price regulation in the Energex distribution area was removed for small customers. This means that notified prices do not apply to customers in the Energex distribution area;
  - (b) Uniform Tariff Policy - QCA must consider the Government's Uniform Tariff Policy, which provides that, wherever possible, Standard Contract Customers of the same class should pay no more for their electricity, regardless of their geographic location;
  - (c) Framework – use of the Network (N) plus Retail (R) cost build-up methodology when working out the notified prices and making the price determination, where N (network cost) is treated as a pass-through and R (energy and retail cost) is determined by the QCA;

- (d) When determining the N components for each regulated retail tariff:
- (i) For residential and small business customer tariffs (with the exception of Tariffs 12A, 14, 22A and 24) - basing the network cost component on the network charges to be levied by Energex and the relevant Energex tariff structures;
  - (ii) For Tariff 12A (residential time-of-use), Tariff 14 (residential seasonal time-of-use), Tariff 22A (small business time-of-use) and Tariff 24 (business seasonal time-of-use demand) - basing the network cost component on the price level of network charges to be levied by Energex, but utilising the relevant EECL tariff structures, in order to strengthen or enhance the underlying network price signals and encourage customers to switch to time-of-use and demand tariffs and reduce their energy consumption during peak times; and
  - (iii) For large business customers who consume 100MWh or more per annum - basing the network cost component on the network charges to be levied by EECL;
- (e) Transitional Arrangements - maintaining transitional arrangements for tariffs classed as transitional or obsolete (i.e. farming, irrigation, declining block, non-domestic heating and large business customer tariffs).
- (f) Tariff trial - to offer a voluntary trial tariff, based on the structure of any new cost reflective residential network tariff that is submitted to the Australian Energy Regulator (AER) in the 2018-19 Ergon Energy Pricing Proposal. Ergon Energy will adjust the rates to align with the Uniform Tariff Policy and Long-Run Marginal Cost (LRMC) pricing principles.
- (g) Enabling retailers to also charge Standard Contract Customers for the following customer retail service that is not included in regulated retail tariffs:
- Amounts in accordance with a program or scheme for the purchase of electricity from renewable or environmentally-friendly sources (whether or not those additional amounts are calculated on the basis of the customer's electricity usage), but only if:
- (a) the customer voluntarily participates in such program or scheme;
  - (b) the additional amount is payable under the program or scheme; and
  - (c) the retailer gives the customer prior written notice of any change to the additional amount payable under the program or scheme.

- (h) Continuing Ergon Energy Queensland Pty Ltd's Easy Pay Rewards scheme to give the following effect:

**Easy Pay Rewards**

From 1 December 2017, Ergon Energy Queensland Pty Ltd may allow Standard Contract Customers an annual reward of:

- for an eligible residential customer— \$75; or
- for an eligible non-residential small customer—\$120, (each, an *annual reward amount*).

To be an eligible customer, a residential or a non-residential small customer must 'opt-in' by agreeing to each of the following (*eligibility requirements*):

- to receive bills electronically (i.e. no paper bills);
- to pay bills either weekly, fortnightly or monthly (as agreed) by direct debit or CentrePay by the due date; and
- to accept bill smoothing.

An eligible customer 'opts-out' if, at any time:

- the customer notifies Ergon Energy Queensland Pty Ltd the customer wants to opt-out; or
- the customer stops agreeing to 1 or more of the eligibility requirements.

The reward scheme will operate as follows:

- (a) Ergon Energy Queensland Pty Ltd must allow an eligible customer who has opted in under a Standard Contract to defer payment of the annual reward amount as to that Standard Contract.
- (b) The deferred annual reward amount for a Year becomes payable if, within 6 months of opting in, the eligible customer:
  - (i) opts out; or
  - (ii) does not maintain payment of bills by direct debit or CentrePay (as relevant).
- (c) For an eligible customer, any deferred annual reward amount for a Year ceases to be payable (and not just deferred) on the first anniversary of the commencement of that Year.
- (d) An eligible customer, having opted out, may subsequently opt in under the same Standard Contract, provided that:
  - (i) any deferred annual reward amount payable for that Standard Contract under paragraph (b) has been paid; and

- (ii) if no amount is payable under paragraph (b), the customer has not received a deferred annual reward amount within the 12 months before the day the customer opts back into the scheme
  
- (e) The 'Year' for the purposes of the annual reward for an eligible customer commences on the day the customer pays the bill issued after:
  - (i) The customer opts-in;
  - (ii) A meter reading is taken with respect to that Standard Contract; and
  - (iii) A bill is issued with respect to that Standard Contract.
  
- (f) Key Easy Pay Reward dates:

Commencement of Easy Pay Reward:	<b>1 December 2017</b>
Closure of Easy Pay Reward (final bill credits to be applied by this date):	<b>31 December 2019</b>

*Interim Consultation Paper*

- 6. The QCA must publish an interim consultation paper identifying key issues to be considered when making the price determination.
  
- 7. The QCA must publish a written notice inviting submissions about the interim consultation paper. The notice must state a period during which anyone can make written submissions to the QCA about issues relevant to the price determination.
  
- 8. The QCA must consider any submissions received within the consultation period and make them available to the public, subject to normal confidentiality considerations.

*Consultation Timetable*

- 9. The QCA must publish an annual consultation timetable within two weeks after submissions on the interim consultation paper are due, which the QCA can revise at its discretion, detailing any proposed additional public papers and workshops that the QCA considers would assist the consultation process.

*Workshops and additional consultation*

- 10. As part of the interim consultation paper and in consideration of submissions in response to the interim consultation paper, the QCA must consider the merits of additional public consultation (workshops and papers) on identified key issues.

*Draft Price Determination*