

07 July 2011



Mr Gary Henry
Director Electricity and Gas
Queensland Competition Authority
Level 19, 12 Creek Street
Brisbane QLD 4001

Dear Mr Henry

In response to your letter dated 7 June 2011, ENEREX has completed a review of its existing network tariff schedule to align with the objectives set out in the Ministerial Direction Notice received by the Queensland Competition Authority.

Attachment 1 to this letter includes ENEREX's proposed 2012-13 network tariff structure and a matrix illustrating how these are intended to map against the expected regulated retail tariffs. In particular, the following changes from the existing 2011-12 tariff structure should be noted:

- the introduction of a new inclining block network tariff for domestic customers which will replace the existing flat rate network tariff;
- a new voluntary domestic time of use network tariff;
- the simplification of the business non-demand network tariffs;
- the simplification of the business demand network tariffs; and
- the simplification of the un-metered supply, street lighting and watchman lights network tariffs into a single network tariff.

Where ENEREX does not have an existing specific network tariff, such as farming and irrigation tariffs, the most appropriate network tariff has been proposed. This is the same network tariff that would be charged to customers currently on this retail tariff.

Providing customers with options which encourage demand reduction during peak times is a key part of ENEREX's network demand management strategy. A special reward option is proposed for customers who install air-conditioners which are demand management enabled. The details of this reward option are under development, however, it is expected to be a fixed annual payment to enrolled customers based on the long run marginal cost of demand.

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Attachment 2 contains ENERGEX's proposed structure of the new inclining block tariff and voluntary time of use tariff for domestic customers. This attachment also includes proposed changes to the business non-demand time of use tariff structure.

It should be noted that any changes to ENERGEX's network tariff structure must be approved by the Australian Energy Regulator (AER) and therefore should only be considered draft at this stage.

Yours Sincerely



Kevin Kehl
Executive General Manager Strategy & Regulation
ENERGEX Limited

Tariff Mapping – Network Tariffs v Proposed Notified Tariffs

2012-13 Tariff Mapping				Notified Tariffs – Queensland Gazette																	
				T11 Existing	T20 Existing	T22 Existing	T31 Existing	T33 Existing	T41 Existing	T43 Existing	T53 Existing	T71 Existing	T81 Existing	T91 Existing	T11 (A) New	T62 Existing	T65 Existing	T66 Existing	T67 Existing	T68 Existing	
ENERGEX Network Tariffs	NTC	Description	Approx current cust. numbers	IBT – Domestic	Flat – Business	TOU – Business (Times to be reviewed)	Flat – Controlled Load 1	Flat – Controlled Load 2	Demand – min 75kW	Demand – min 400kW	Demand – HV	Public Lamps	Flat – Unmetered (Rename Required)	Watchman Lights	TOU – Domestic	TOU – Farm	TOU – Irrigation	Flat/Demand – Irrigation	Flat – Farm	Flat – Irrigation Drought Area	
	8400	IBT – Domestic	1,227,588	✓																	
	8450 New	TOU – Domestic	n/a – proposed tariff												✓						
	8500	Flat – Small Business	73,932 (Small)																		
	8600	Flat – Medium Business Combined into one tariff	19,422 (Medium)		✓															✓	✓
	8700	TOU – Small Business	7,265 (Small)																		
	8800	TOU – Medium Business (Times to be reviewed) Combined into one tariff	8,278 (Medium)			✓											✓	✓			
	9000	Flat – Controlled Load 1	216,000				✓														
	9100	Flat – Controlled Load 2	511,000					✓													
	9600	Flat – Unmetered	n/a – volume charge only										✓	✓	✓						
	8300	Demand – small	4,795							✓									✓		
	8100	Demand – large	403								✓										
8000	HV Demand	29									✓										

Obsolete Retail Tariffs

Notified Tariff	Description
Tariff 21	Declining Block Tariff – Business
Tariff 37	TOU – Non – domestic heating
Tariff 63	TOU – Farm
Tariff 64	TOU – Irrigation

Other ENERGEX Network Tariffs

NTC	Description	Approx current cust. numbers	Proposal for 2012-13
9400	Flat – Streetlights	n/a – volume charge only	Network tariff to be removed – all unmetered supply is to be mapped to NTC 9600.
9500	Flat – Watchman lights	n/a – volume charge only	Network tariff to be removed – all unmetered supply is to be mapped to NTC 9600.
8200	Demand – medium	3,041	Network tariff to be removed – all existing customers transferred to Demand Small or Demand Large
Site specific	Demand/Capacity – Large Customers	488	Designed for customers > 4 GWh – ENERGEX network tariff only, not available in the gazette

Proposed Tariff Structure

- Proposed structure for the domestic inclining block tariff:

Fixed Service Charge (c/day)

+

Consumption charge (c/kWh) based on the following inclining block structure:

Block 1 - 0 - 5000 (kWh per annum)

Block 2 - 5001 - 10000 (kWh per annum)

Block 3 - 10,001 + (kWh per annum)

Note: we anticipate the above would be billed on a pro-rata basis

- Proposed structure for the domestic time of use:

Fixed Service Charge (c/day)

+

Consumption charge (c/kWh) based on the following time of use structure:

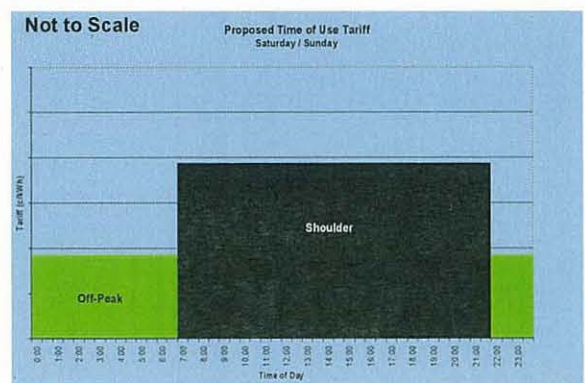
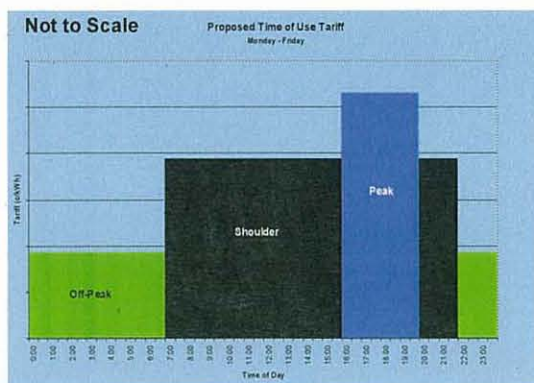
Monday to Friday

- Off peak 10pm – 7am
- Shoulder 7am – 4pm, 8pm – 10pm
- Peak 4pm - 8pm

Saturday/Sunday

- Off peak 10pm – 7am
- Shoulder 7am - 10pm
- No Peak

The proposed structure is illustrated below:



- Proposed changes to the times associated with business non-demand time of use:

Fixed Service Charge (c/day)

+

Consumption charge (c/kWh) based on the following time of use structure:

- Off peak 9pm – 7am
- Shoulder 7am – 12pm
- Peak 12pm – 9pm