

5 June 2012

The Honourable Mark McArdle MP
Minister for Energy and Water Supply
GPO Box 15456
City East Qld 4002

Dear Minister

I refer to your letter of 8 May 2012 in which you issued a Direction under section 253AA of the *Electricity Act 1994* requiring the Authority to provide:

- (a) the price in 2012-13 for Tariff 11 based on a flat structure, without the Government's decision to freeze the tariff, and inclusive of the cost of the Commonwealth Government's carbon tax; and
- (b) an estimate of the total cost impact of the Commonwealth Government's carbon tax on the Tariff 11 prices for 2012-13.

The table below shows the Authority's estimate of a flat, carbon-inclusive Tariff 11 for 2012-13 and the total cost impact of the carbon tax on that Tariff 11 price.

The flat Tariff 11 is based on the flat residential network tariff Energex submitted to the Australian Energy Regulator for 2012-13. Other costs included in the flat Tariff 11 were calculated using the same methodology the Authority has used in its Final Determination on Notified Electricity Prices for 2012-13.

Table 1: Flat Tariff 11 and carbon costs in Tariff 11 for 2012-13 (excludes GST)

<i>Cost category</i>	<i>Fixed charge</i> <i>c/day/metering point</i>	<i>Variable charges</i> <i>c/kWh</i>
Flat Tariff 11 (carbon tax inclusive)	78.578	20.134
Impact of carbon tax in flat Tariff 11		2.381

The impact of such a tariff on customer bills, and the distribution of impacts across customers, is shown in the Chart at **Attachment 1**, together with the impact of the previously proposed inclining block tariff and the recently approved tariff which added carbon costs to the existing tariff. It should be noted that this analysis is based on supplying customers in Energex's network area, but it is likely to provide a reasonable reflection of customer consumption and impacts across Queensland.


In summary, the respective increases are as follows:

Table 2: Percentage increase in customer bills

<i>Annual Customer consumption (kWh)</i>	<i>Previously proposed Inclining Block Tariff</i>	<i>Existing tariff plus carbon cost</i>	<i>Flat tariff</i>
1,000	52.7%	7.9%	61.4%
2,000	24.9%	9.3%	35.4%
3,000	13.2%	10.0%	24.4%
4,000	6.7%	10.3%	18.3%
5,370	3.9%	10.6%	13.4%
6,000	5.7%	10.7%	11.8%
8,000	9.7%	10.9%	8.4%
10,000	12.2%	11.0%	6.3%
20,000	27.6%	11.2%	1.9%
30,000	32.9%	11.3%	0.4%

If you have any queries regarding this matter, please contact me on 0406 753 998.

Yours sincerely


Brian Parmenter
Chairperson

Impact of New Tariffs

Oct 2010 - Sep 2011

