



Office of the
Minister for Energy and Water Supply

Ref: CTS 30050/14

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8 December 2014

QLD COMPETITION AUTHORITY

10 DEC 2014

DATE RECEIVED

Dr Malcolm Roberts
Chairman
Queensland Competition Authority
GPO BOX 2257
BRISBANE QLD 4001

Dear Dr Roberts

The Newman Government has announced a plan to lease some government-owned assets if given a mandate to do so at the next state election. Approximately \$3.4 billion of the lease proceeds would be allocated to a *Cost of Living Fund* which will be used to finance Solar Bonus Scheme (SBS) feed-in-tariff (FiT) payments. These payments are currently funded through the electricity prices all electricity consumers pay.

The *Regulated Retail Electricity Prices for 2015-16* determination process currently being progressed by the Queensland Competition Authority (QCA) – which will set regulated electricity prices that apply to regional Queensland only – would be materially impacted by the Government's *Strong Choices Electricity Price Relief* plan. In order to provide market participants (both suppliers and consumers) with an indication of these impacts I am writing to the QCA, under section 253AA of the *Electricity Act 1994*, to obtain an estimate of retail electricity tariff prices for small customers if SBS FiT costs are removed. Advice comparing how annual electricity bills for typical small customers will change from 2014–15 to 2015–16 (in percentage terms and the form of a single dollar figure) if SBS FiT costs are removed is also requested. Whilst I understand that the calculation of tariff rates for transitional tariffs differs from cost-reflective tariffs, any advice on the impacts for transitional tariffs is also requested.

I would appreciate if the QCA would provide the requested advice to me by 9 December 2014.

Yours sincerely

Mark McArdle MP
Minister for Energy and Water Supply