

18 January 2016

Queensland Competition Authority  
GPO Box 2257  
Brisbane Q 4001

*Re: Regulated retail electricity prices 2016-17*

Dear Sir/Madam

Master Electricians Australia (MEA) is grateful for the opportunity to comment on the Queensland Competition Authority's Interim consultation paper, *Regulated retail electricity prices 2016-17*.

Master Electricians Australia (MEA) is a dynamic and modern trade association representing electrical contractors. A driving force in the electrical industry and a major factor in the continued success and security of electrical contractors, MEA is recognised by industry, government and the community as the electrical industry's leading business partner, knowledge source and advocate. The organisation's website is: [www.masterelectricians.com.au](http://www.masterelectricians.com.au).

MEA will focus our feedback on issues relating to possible pricing approaches and our views on what should be taken into consideration by the QCA in making their determinations.

### **Uniform Tariff Policy**

MEA supports the Government's Uniform Tariff Policy as a means to ensure consumers living outside South East Queensland do not face any unnecessary financial hardship due to higher network costs. As such, we agree with the QCA's current approach of basing notified prices for residential and small business customers in regional Queensland on south east Queensland costs as the most appropriate approach for 2016–17.

### **Other matters**

#### ***Cost reflective pricing***

We note in the consultation paper that one of the guiding principles for the setting of electricity prices is cost reflectivity, with consideration also to be given to the impact that electricity prices have on customers in the face of escalating electricity bills. MEA believes that controlled load off-peak tariffs provide by far the most effective tariff solution to achieving cost reflectivity with minimal consumer impact.

In the past, both Ergon and Energex have indicated a preference for Time of Use tariffs as a mechanism to achieve cost reflectivity by easing ease peak demand. However, we believe that Time of Use tariffs offer little promise of achieving this end. In practice, Time of Use tariffs tend to provide an excessive peak period with virtually no discount on the shoulder. With limited opportunity for the average household to actually take advantage of lower prices, consumers end up paying more and those who do save money are those who already use power at odd times of day, such as shift workers.

Controlled load off-peak tariffs on the other hand can provide genuine cost savings but are underutilised due to a number of issues such as the current requirement to hard wire appliances and the absence of back-up for the one odd day per year when power may be needed at the wrong time. These weaknesses could be overcome through smarter technology, such as the installation of a “booster switch” which could allow the consumer to manually boost their supply under times of extreme need (and still under the discretion of the supplier) and the possible application of the tariffs to socket outlets. There is very clear potential for controlled load, off-peak tariffs to be utilised beyond their current application, should the government eventually remove the requirement for off-peak appliances to be hard-wired into a home’s electrics. Such tariffs are well placed to be used in a variety of settings throughout a household and could include dishwashers, second televisions, free standing lights, outdoor pool lighting, power for tools and other portable appliances.

### ***Solar Power Battery Banks***

MEA would also like to see consideration given to tariff structures being introduced to accommodate battery storage systems for grid-connected solar power. One of the main objections to the broad-scale uptake of renewable energy technologies such as solar PV is the issue of intermittency, i.e. solar technologies only produce power when the sun is shining. A solution to this problem could lie in the use of energy storage systems or “battery banks” for solar PV systems. These battery banks would allow excess solar power to be collected in batteries for later use as required. However, currently the cost of storage technology can be prohibitively high making it quite unattractive for those who have the option to simply buy relatively cheap electricity from the grid. If more resources can be directed to refining this storage technology in order to make it more affordable, there is a likely to be a stronger uptake of solar power as an energy alternative. A tariff structure that would reward users of battery banks for solar PV may act as the added incentive needed for consumers to embrace solar power options. This targeted tariff structure could be similar to a maximum demand tariff, providing genuine saving to those utilising solar PV and in turn reducing the peak demand pressure on the grid.

MEA would welcome any further opportunities to contribute to this discussion as the consultation process moves forward.

Yours sincerely,



**Gary Veenstra**  
State Manager - Queensland