

The QCA sets regulated electricity prices in Queensland.

The QCA has released its final decision on regulated electricity prices to apply from 1 July 2014.

Most residential customers in south east Queensland have switched to market contracts which are often cheaper than regulated tariffs. Many large businesses are also paying market rates. However regulated prices are still important as they effectively set maximum prices for most customers.

This fact sheet explains how electricity prices will change in 2014–15. More detailed fact sheets are available for residential, business and transitional tariffs, as well as how the repeal of the carbon tax will affect electricity prices.

Your electricity bill

There are three main activities involved in supplying electricity to homes and businesses:

- Generating electricity in power stations for sale to retailers
- Delivering electricity through ‘poles and wires’ to customers
- Selling electricity by retailers to customers.

Customers’ bills cover the costs of the services provided above. Bills include taxes, such as the carbon tax and GST.

They also include the costs of green schemes, such as the renewable energy target (a requirement for some electricity to come from renewable sources) and the solar bonus scheme (some customers with solar panels are paid to sell the electricity their panels generate).

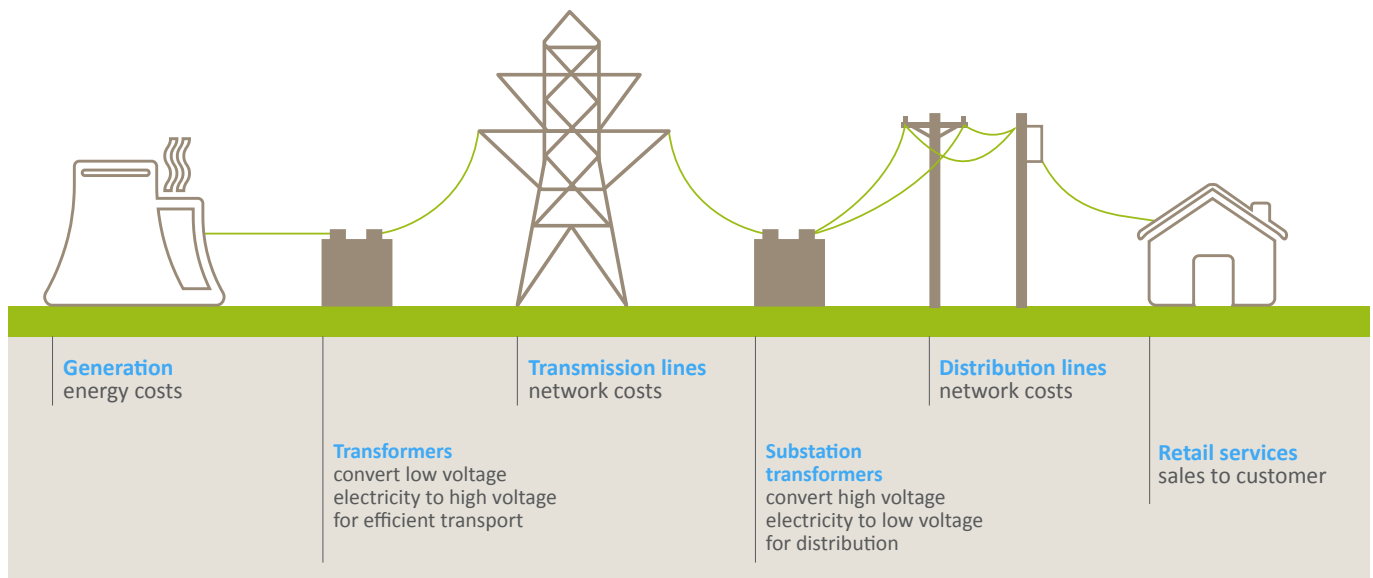
Rising costs means rising prices

Unfortunately, many of the costs outlined above are rising.

The wholesale cost of energy is expected to increase by 21.5% in 2014–15 (assuming the carbon tax is not repealed). Higher wholesale (carbon inclusive) energy costs account for about 38% of the expected increase for the typical tariff 11 customer.

Queensland’s Solar Bonus Scheme is the next major cost driver, accounting for about 28% of the expected increase for the typical tariff 11 residential customer. The scheme pays generous feed-in tariffs to residential customers who sell electricity back into the grid from their solar panels.

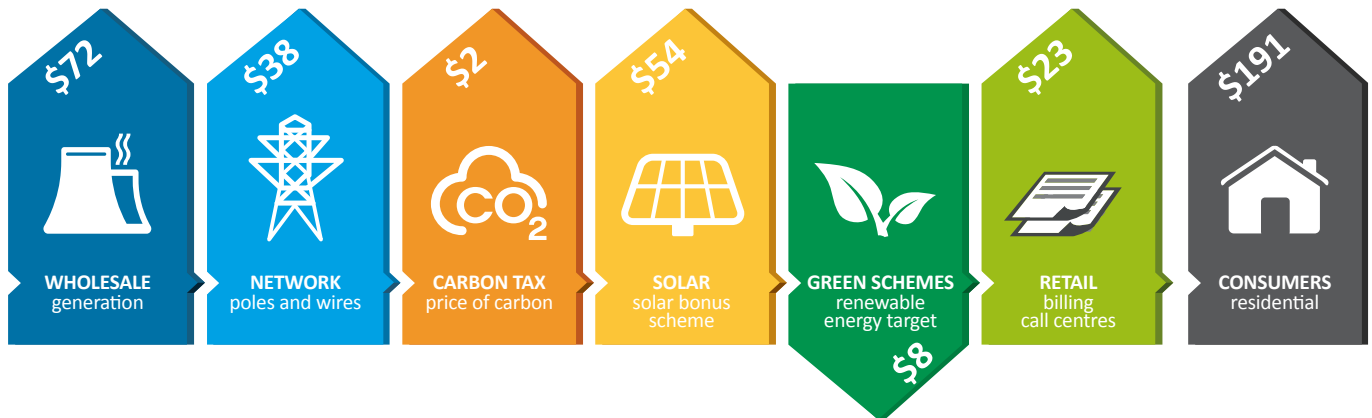
Network charges for the ‘poles and wires’ account for around 20% of the increase. Network charges have been rising sharply in recent years and represent almost half of the typical electricity bill. Energex has reduced its network charges to limit the retail bill increase for a typical tariff 11 residential customer to the level indicated in the draft determination. Energex has also reduced its network charges for tariffs 12 and 13.



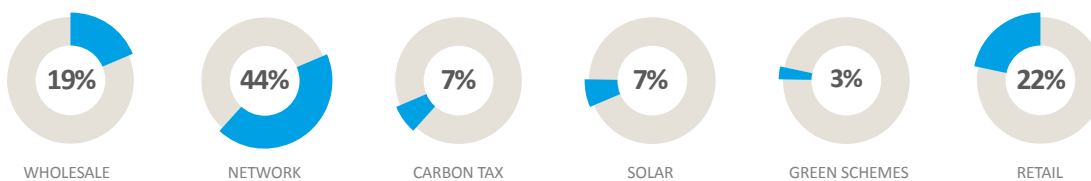
Components of the energy supply chain

Electricity prices from 1 July 2014

Changes to a typical bill 2014–15*



Percentage of bill



* Totals may not add due to rounding.
Does not show \$11 in additional costs – rebalancing cross-subsidy from large to small

The carbon tax

This year, the carbon tax makes up 7% of a typical residential electricity bill. As the tax is likely to be repealed during 2014–15, the QCA has released two sets of regulated prices for each tariff; one including the carbon tax and one without the carbon tax. The QCA proposes that the second set of prices would apply if the carbon tax is repealed.

Please see our carbon tax fact sheet for more information.

Residential customers

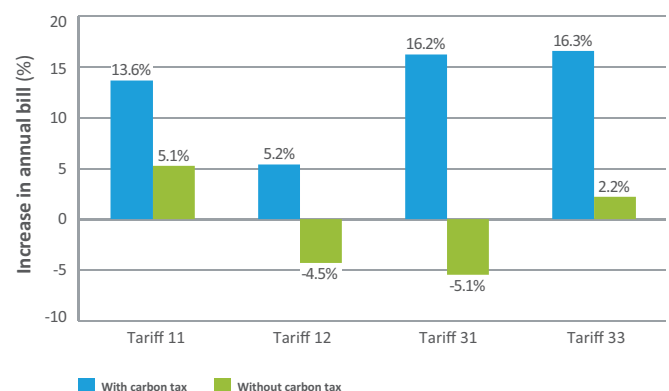
The typical residential customer, consuming about 4,100 kWh per annum, is likely to see an increase of 13.6% or \$191 in their annual tariff 11 bill (if the carbon tax continues). If the carbon tax is repealed from 1 July 2014, the increase would be 5.1% or \$72. Some residential customers are supplied under tariff 12: their increase would be lower.

Most residential customers benefit from using cheap off-peak tariffs for water heating and controlled loads such as pool pumps. These tariffs (tariffs 31 and 33) will increase if the carbon tax continues.

The chart below shows the changes in costs for the typical residential customer with and without the carbon tax.

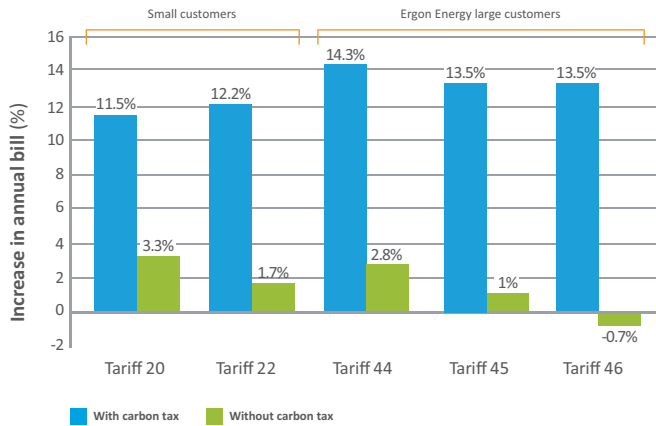
A separate fact sheet provides more details.

Change in electricity bills in 2014–15 for typical residential customers



Electricity prices from 1 July 2014

Change in electricity bills in 2014–15 for typical business customers

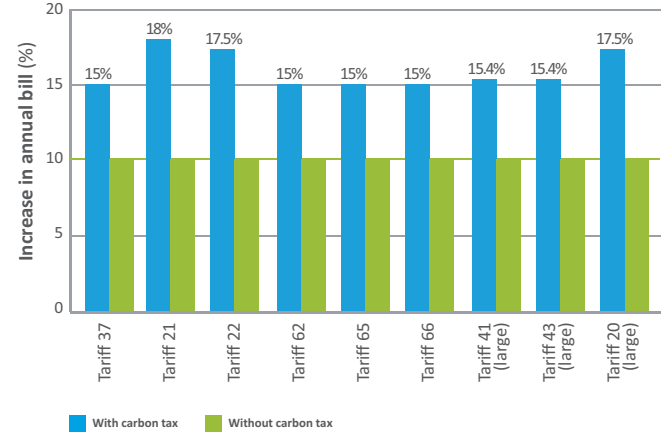


Business customers

Business customers will also be affected by rising costs. The graph below shows bill increases for typical customers on the five main business tariffs. If the carbon tax is removed, most bills would still increase but by much smaller amounts.

A separate fact sheet provides more details.

Change in electricity bills in 2014–15 for customers on transitional tariffs



Transitional tariffs

It is important that Queensland electricity tariffs are ‘cost-reflective’: i.e. prices cover the costs of supplying electricity to customers. This ensures reliable, long-term supply and avoids one group of customers subsidising other customers.

There are two main exceptions. The State Government’s uniform tariff policy subsidises retail electricity prices for households and small businesses in regional Queensland to align with cheaper retail prices in south east Queensland. In 2013–14, this subsidy is expected to cost \$620 million.

The other exception are nine ‘transitional tariffs’ paid by about 43,000 customers, mostly irrigators and regional businesses. These tariffs fall short, sometimes well short, of covering the cost of supplying electricity to customers. the QCA proposes to phase out most of these tariffs by 2020.

A separate fact sheet provides more details.

Changing your tariff

Customers in south east Queensland are encouraged to shop around for a better deal. Our independent price comparator can help compare electricity prices offered by retailers. It’s free to use and available on our website www.qca.org.au/compare

Unfortunately, retailers do not generally make offers to residential customers in regional Queensland because regulated prices are subsidised. The Queensland Government is looking at ways to introduce competition in regional areas, so this may change in future.

Help with your bill

If you are struggling to pay your electricity bill, you should discuss your situation with your retailer. Retailers offer support to their customers in hardship.

The Queensland Government offers support to customers in some circumstances. For more information visit the Department for Energy and Water Supply’s electricity concessions page on their website, www.dews.qld.gov.au/energy-water-home/electricity/rebates or call them on: 13 QGOV (13 74 68).