



positive energy

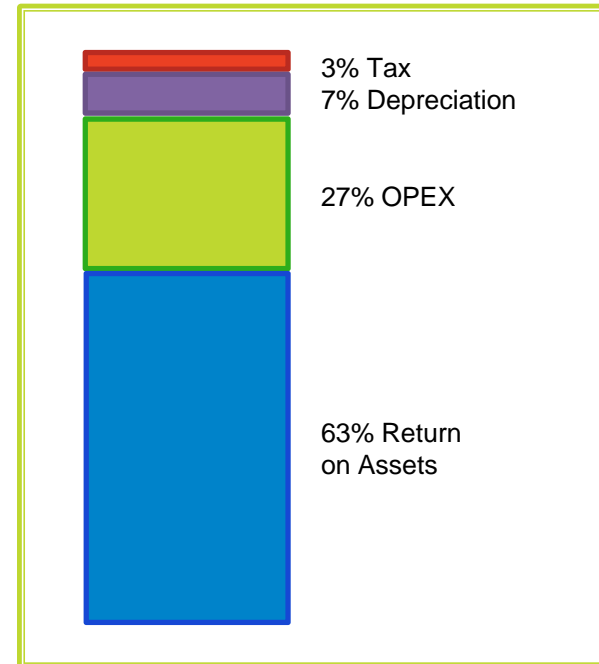
QCA 2013/14 Electricity Prices Workshop

Energex - Pricing Department

19 December 2012

Energex Economic Regulation

- Energex is regulated by the AER under a **Revenue Cap**
- The AER sets the revenue Energex can recover during the regulatory control period
- Revenue Cap is based on a 4-part building block approach
- Return on Assets is fixed at 9.72%
- Incentive schemes, pass-throughs and unders/overs impact revenue
- Energex recovers revenue through the 'N' component of retail prices



Cost-reflective network tariffs

- The new N+R pricing methodology clearly identifies the network and retail components
- Before N+R, Energex billed the network tariff directly to the Retailer and, using the BRCI method, the QCA applied a % increase to get the final retail tariff rate
- The total retail price is now being broken down and is reflective of the actual costs being incurred – this is also impacting prices
- All customers have the option to choose a suitable network tariff and negotiate a market contract with their Retailer
- Energex small customer network tariffs apply to Ergon small customers

Network Price Increases

- Energex's AER 2010-2015 Determination was based on internal and independent external forecasts indicating rapidly increasing growth in demand and energy, and the need for capital works to support this growth and improve network reliability
- The GFC, uptake of Solar PV, mild summer and winter temperatures, a great availability and use of more energy efficient appliances and increased cost of living has resulted in lower than forecast growth
- Energex has implemented a number of initiatives to match its expenditure to energy use and demand
- These initiatives are in line with ENCAP recommendations and the more recent report from the Independent Review Panel

Transitional Issues

- Tariff 12 currently looks unattractive compared to Tariff 11 due to the Government 'freeze' imposed for 2012/13
- Energex believes the transition period of 12 months for obsolescent tariffs is a sufficient transition period
- Energex could offer a 3-part ToU network tariff to business customers, including Farming & Irrigation customers, subject to the QCA including it in the retail tariffs
- If customers wanted to move to a 3-part ToU network tariff, meter changes / upgrades would be required.



2013/14 Tariff Map

Network Tariffs V Notified Tariffs		Notified Tariffs – Queensland Gazette																	
		T11	T12	T ^{^^}	T20	T22	T31	T33	T41	T43	T53	T62	T65	T ^{**}	T66	T67	T68	T71	T91
NTC	Description	<i>Flat – Residential</i>	<i>ToU – Residential</i>	<i>ToU – PeakSmart Residential</i>	<i>Flat – Business</i>	<i>ToU – Business</i>	<i>Flat – Super Economy</i>	<i>Flat – Economy</i>	<i>Demand – min 75kW</i>	<i>Demand – min 400kW</i>	<i>Demand – HV</i>	<i>ToU – Farm</i>	<i>ToU – Irrigation</i>	<i>ToU – Irrigation</i>	<i>Flat/ Demand – Irrigation</i>	<i>Flat – Farm</i>	<i>Flat – Irrigation Drought Area</i>	<i>Public Lamps</i>	<i>Watchman Lights</i>
8400	LV Flat	✓																	
8900	LV 3-Part ToU		✓									★	★	★					
NTCX	LV PeakSmart 3-Part ToU			✓															
8500	LV Business Flat				✓										✓	✓	✓		
8800	LV 2-Part ToU					✓						✓	✓						
9000	Super Economy (Controlled Load 1)						✓												
9100	Economy (Controlled Load 2)							✓											
9600	Unmetered – Flat																	✓	✓
8000	HV Demand										✓								
8100	Demand Large									✓									
8300	Demand Small								✓										

Notes:

- T^{^^} New Notified Tariff; number to be advised
- NTCX New Network Tariff; code to be advised
- T^{**} Potential new 3-Part ToU Irrigation Tariff
- ★ Potential application of LV 3 Part ToU to Farm and/or Irrigation Tariffs



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