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## TERMS OF REFERENCE

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### Review of regulated retail electricity tariffs and prices for 2016-17 - assessment of energy purchase costs

16 September 2015

#### Project Background

The QCA expects to receive a Delegation from the Minister for Energy and Water Supply which will require the QCA to determine regulated retail electricity prices (notified prices) for the tariff year 1 July 2016 to 30 June 2017.

The QCA requires the assistance of a consultant to estimate the cost of energy for this determination.

ACIL Allen undertook this work for the QCA for its 2013–14, 2014–15 and 2015-16 determinations.

The QCA is about to initiate the 2016–17 review of regulated retail prices and invites ACIL Allen to submit a proposal to undertake the work which satisfies the requirements of this terms of reference.

#### Outline of consultancy

The consultant will be required to provide expert advice to the QCA on the energy related costs likely to be incurred by a retailer to supply customers on notified prices for 2016–17. In preparing its advice, the consultant must have regard to the actual costs of making, producing or supplying the goods or service.

The QCA will require 2016–17 estimates for:

- (a) wholesale energy costs for the Energex and Ergon Energy NSLPs
- (b) the costs of complying with state and federal government policies including the Enhanced Renewable Energy Target Scheme
- (c) National Electricity Market (NEM) fees, ancillary services charges and costs of meeting prudential requirements, and
- (d) energy losses incurred during the transmission and distribution of electricity to customers.

#### Deliverables

The consultant will be required to provide a series of deliverables and may be required to take part in additional workshops, consultations and meetings. While Table 1 outlines the mandatory deliverables for the consultancy, there may be additional requests made of the consultants from time to time as needed by the QCA.

**Table 1: Timeline for deliverables**

| Deliverable  | Task   | Indicative due date |
|--------------|--|---------------------|
| Draft Report | Address submissions on the QCA's Interim Consultation Paper, outline the consultant's approach and provide draft cost estimates. | mid-February 2016   |
| Final Report | Address submissions on the Draft Report, outline the consultant's final approach and provide final cost estimates.               | mid-April 2016      |

## Resources and data provided

The QCA will provide access to ASX Energy contract data through its paid subscription service, as well as facilitating access to relevant transmission connection point (TCP) load data and consumption profiles produced by the Australian Energy Market Operator (AEMO). The consultant will be required to source all other modelling data and information independently.

Additional information relevant to this consultancy may be found on the QCA's website at [www.qca.org.au](http://www.qca.org.au).

## Project time frame

The consultancy will commence in October 2015 and is expected to be completed by 31 May 2016. Final dates for completion of each stage will be determined after the consultant has been appointed.

## Proposal specifications and fees

The consultant's proposal should:

- include the name, address and legal status of the tenderer
- provide the proposed methods and approach to be applied
- provide a fixed price quote for the provision of the services detailed herein
- nominate the key personnel who will be engaged on the assignment together with the following information:
  - name
  - professional qualifications
  - general experience and experience which is directly relevant to this assignment
  - expected time each consultant will work on the project
  - standard fee rates for any contract variations.

The fee quoted is to be inclusive of all expenses and disbursements. A full breakdown of consultancy costs is required.

Payment will be made within 28 days of receiving an invoice for the successful completion of each deliverable for the project, as defined in table 1 above, as follows:

- QCA acceptance of ACIL Allen's draft report - 50% of total fee payable
- QCA acceptance of ACIL Allen's final report - 50% of total fee payable

## Contractual arrangements

This consultancy will be offered in accordance with the QCA's standard contractual agreement. This agreement can be viewed at <http://www.qca.org.au/About-QCA/Consultants-info>.

## Reporting

The consultant will be required to provide the QCA with progress reports on an “as needs” basis (or at least weekly). The consultant will also be required to provide preliminary drafts of all reports to the QCA for comment, before finalisation of each report.

The consultant should, at the earliest opportunity, advise the QCA of any issues that may impede progress of the consultancy or impact on the successful performance of the requirements outlined above.

At the conclusion of each stage of the consultancy, the consultant will be required to provide the QCA with an electronic version of the completed report, in Microsoft Word® and PDF formats, along with any summary modelling data in Microsoft Excel® format.

## Confidentiality

Under no circumstance is the consultant to divulge any information obtained from any distributor, retailer, or the QCA for the purposes of this consultancy to any party, other than with the express permission of the distributor or retailer concerned, and the QCA.

## Conflicts of interest

For the purpose of this consultancy, the consultant is required to affirm that there is no, and will not be any, conflict of interest as a result of this consultancy.

## QCA assessment of proposal

The proposal will be assessed against the following criteria:

- understanding of the project
- skills and experience of the firm and team
- the proposed methods and approach
- capacity to fulfil the project's timing requirements
- value for money.

In making its assessment against the criteria, the QCA will place most weight on relevant experience of the team members involved and the proposed method for the completion of the task.

## Insurance

The consultant must hold all necessary work cover and professional indemnity insurance.

## Quality assurance

The consultant is required to include details of quality assurance procedures to be applied to all information and outputs provided to the QCA.

## Grievances

If during the course of the engagement the consultant wishes to raise any grievances or make a complaint, please contact Mrs Robyn Farley-Sutton, Director Corporate Services, on (07) 3222 0505 or [robyn.farley-sutton@qca.org.au](mailto:robyn.farley-sutton@qca.org.au).

## Lodgement of proposals

Proposals are to be lodged with the QCA by 30 September 2015.

For further information concerning this consultancy, please contact Adam Liddy on (07) 3222 0548 or [adam.liddy@qca.org.au](mailto:adam.liddy@qca.org.au).

Proposals should be submitted to:

Adam Liddy  
Queensland Competition Authority  
GPO Box 2257  
Brisbane Qld 4001

Phone: (07) 3222 0555  
Fax: (07) 3222 0599  
Email: [adam.liddy@qca.org.au](mailto:adam.liddy@qca.org.au)