



The Hon Dr Anthony Lynham MP
Minister for Natural Resources, Mines and Energy

Ref CTS 10959/18

26 APR 2018

Professor Roy Green
Chair
Queensland Competition Authority
Level 27
145 Ann Street
BRISBANE QLD 4000

1 William Street Brisbane
PO Box 15216 City East
Queensland 4002 Australia
Telephone +61 7 3719 7360
Email nrm@ministerial.qld.gov.au

Dear Professor Green

The Queensland Government's \$2 Billion Affordable Energy Plan (the Plan) is providing cost of living relief to Queenslanders. The Plan is a comprehensive package of measures to tackle the challenge of electricity bills and includes \$300 Million of new measures. These include the Asset Ownership Dividend, which will cut \$50.00 per annum from every household bill in the state for the next two years and a range of other initiatives to support energy efficiency and the uptake of solar and batteries.

The Plan continues the Queensland Government's strong record of delivering actions to stabilise electricity prices. In a further demonstration of its commitment to helping Queensland households and small businesses, the government has pledged to keep electricity price rises below inflation on average over the next two years. To ensure this, the Honourable Anastacia Palaszczuk MP, Premier of Queensland and Minister for Trade asked all retailers operating in Queensland to sign an Affordable Energy Pledge with a commitment to pass on the savings from the government's actions.

As you may be aware, under national Power of Choice reforms commencing 1 December 2017, all new and replacement meters must be advanced digital meters. While I recognise these meters bring increased costs compared to standard meters, I am concerned with the substantive price increase and lack of realisable value for these customers for the unavoidable additional cost if those costs are applied in full to customers receiving the meters.

Accordingly, I am issuing a direction under section 253AA(1) of the *Electricity Act 1994*, directing the Queensland Competition Authority (QCA) to give me advice on the costs to all regional residential and small business customers should the additional costs associated with the deployment of advanced digital meters be spread across those customers, rather than be applied only to customers receiving the new meters.

The QCA is to provide written advice to me and publish the report on its website no later than 1 June 2018.

Should you have any questions, please do not hesitate to contact Ms Kathie Standen, General Manager, Energy Division, Department of Natural Resources, Mines and Energy on telephone 3181 5113.

Yours sincerely



Dr Anthony Lynham MP
Minister for Natural Resources, Mines and Energy

Att

ELECTRICITY ACT 1994
Section 253AA(1)

MINISTER'S DIRECTION NOTICE

Pursuant to section 253AA(1) of the *Electricity Act 1994* (the Act), I hereby direct the Queensland Competition Authority (the QCA) to provide advice on the costs to all small regional standard retail contract (SRC) customers should the additional costs associated with the deployment of advanced digital meters to regional SRC customers under the national Power of Choice reforms be spread across those customers, and the additional costs associated with the manual reading of those meters where the remote communications function is disabled due to the informed choice of the customer, for the period of 1 July 2018 to 30 June 2019.

The following are the Terms of Reference of this direction:

Terms of Reference

1. This advice should consider:
 - a. only the costs associated with providing retail advanced digital metering services to residential and small business customers in the Energex distribution area, in a manner consistent with the Government's Uniform Tariff Policy;
 - b. retailers' forecast deployment rates of advanced digital meters in regional Queensland to 30 June 2019, in addition to deployments completed by 1 July 2018;
 - c. the spreading of costs of advanced digital meters deployed to regional SRC customers of each tariff across all customers accessing that tariff; and
 - d. the additional costs associated with the manual reading of advanced digital meters where the remote communications function is disabled.

2. The advice should be presented as a set of daily rates for each primary tariff setting out as separate line items on a per tariff per customer basis:
 - a. the lesser capital charge as set by the Australian Energy Regulator for Energex or Ergon Energy for type 6 metering;
 - b. the lesser non-capital charge as set by the Australian Energy Regulator for Energex or Ergon Energy for type 6 metering, plus the amount representing the spreading of the advanced digital metering costs; and
 - c. the total daily charge as a sum of a. and b. above.

3. The advice should also include a set of daily rates for each tariff associated with the additional cost of manual reading of advanced digital meters where the remote communications function is disabled. These rates should be based on costs associated with providing retail advanced digital metering services to residential and small business customers in the Energex distribution area in a manner consistent with the Government's Uniform Tariff Policy, and consistent with the methodology applied by the QCA in making its 2018-19 Draft Electricity Pricing Determination.

Timing and publication of report

The QCA must provide me a final version of its written advice no later than 25 May 2018.

In accordance with section 253AA(3), the QCA must publish this direction on the QCA website, and publish its written advice to me on the QCA website on 1 June 2018.

DATED this 26th day of April 2018.

SIGNED by the Honourable)
DR ANTHONY LYNHAM MP)
Minister for Natural Resources,
Mines and Energy

day of April 2018.


.....
(signature)

