

DEPARTMENT OF NATURAL RESOURCES, MINES AND ENERGY

Electricity Act 1994

ELECTRICITY (MINISTERIAL – QCA) DELEGATION (NO. 1) 2019

Power to delegate

1. Under section 90AA(1) of the *Electricity Act 1994* (the Act), the Minister may delegate to the Queensland Competition Authority (QCA) all or any of the Minister's functions under section 90(1) of the Act.

Powers delegated

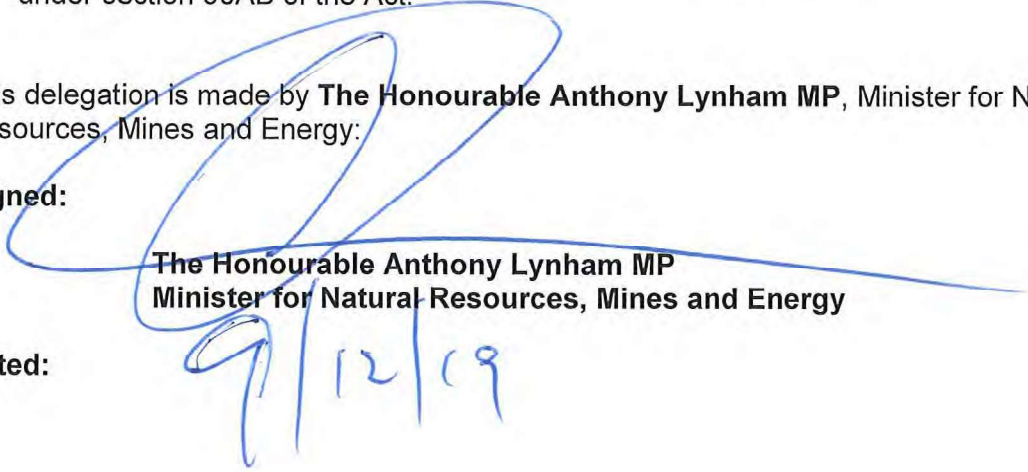
2. Subject to the limitations and requirements listed in paragraphs 3 and 4, I delegate the functions of the Minister under section 90(1) of the Act to the QCA.
3. The functions of the Minister specified in paragraph 2 above must only be exercised for the purpose of deciding the prices, or the methodology for fixing the prices, for the tariff year 1 July 2020 to 30 June 2021 that a retail entity may charge its Standard Contract Customers in Queensland, other than:
 - (a) Standard Contract Customers in the Energex distribution area; and
 - (b) notified prices for retail metering services for residential and small business customers.
4. Pursuant to section 90(5)(a)(iii) of the Act, in exercising the functions specified in paragraphs 2 and 3 above, the QCA must have regard to the terms of reference in the schedule.

Revocation

5. All earlier delegations of the Minister's powers under section 90(1) of the Act are revoked.
6. Unless earlier revoked in writing, this delegation ceases upon gazettal by the QCA of its final price determination on regulated retail electricity tariffs for the 2020–21 tariff year under section 90AB of the Act.

This delegation is made by **The Honourable Anthony Lynham MP**, Minister for Natural Resources, Mines and Energy:

Signed:


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

Dated:

9/12/19

SCHEDULE
Terms of Reference
Section 90(5)(a)(iii) and 90AA of the Act

Period for which the price determinations will apply (section 90AA(3)(a) of the Act)

1. These Terms of Reference apply for the tariff year 1 July 2020 to 30 June 2021.

Policies, principles and other matters the QCA must consider when working out the notified prices and making the price determinations (sections 90(5)(a)(iii), 90AA(3)(c) and 90AA(3)(d) of the Act)

2. The policies, principles and other matters that the QCA is required by this delegation to consider are:
 - (a) On 1 July 2016, price regulation in the Energex distribution area was removed for small customers. This means that notified prices do not apply to customers in the Energex distribution area;
 - (b) Uniform Tariff Policy — the Government's Uniform Tariff Policy, which provides that, wherever possible, customers of the same class should pay no more for their electricity, and should pay for their electricity via similar price structures, regardless of their geographic location. However, as residential and small business customers paying notified prices are on standard retail contracts, the Government is of the view that the QCA must consider incorporating into notified prices, an appropriate value reflecting the more favourable terms and conditions of standard retail contracts compared to market contracts. Should the application of this value result in a bill that exceeds the equivalent Default Market Offer as set by the Australian Energy Regulator for southeast Queensland, that value should be discounted so that the resulting bill does not exceed the equivalent Default Market Offer;
 - (c) Default tariffs – nomination of a primary tariff for each class of small customer to apply to a customer's electricity account in the event the customer does not nominate a primary tariff when opening an electricity account;
 - (d) Framework – use of the Network (N) plus Retail (R) cost build-up methodology when working out the notified prices and making the price determination, where N (network cost) is treated as a pass-through and R (energy and retail cost) is determined by the QCA;
 - (e) When determining the N components for each regulated retail tariff:
 - (i) For residential and small business customer Tariffs 11, 20, 31 and 33 - basing the network cost component on the relevant Energex network

- charges to be levied by Energex and the relevant Energex tariff structures;
- (ii) For all other residential and small business customer tariffs - basing the network cost component on the price level of the relevant Energex network charges to be levied by Energex, but utilising the relevant EECL tariff structures, in order to strengthen or enhance the underlying network price signals and encourage customers to switch to time-of-use and demand tariffs and reduce their energy consumption during peak times;
 - (iii) For large business customers who consume 100MWh or more per annum - basing the network cost component on the relevant EECL network charges to be levied by EECL;
 - (iv) For Individually Calculated Customers (ICC), consider a methodology that allows for the pass through of the customers' individual network charges;
 - (v) For all existing Standard tariffs as set out in Part 2 of the current Tariff Schedule – maintaining these tariffs including price structures and access criteria unless otherwise set out in this delegation, and for those that do not have a network tariff of similar price structure and access requirements in the tariff year, or existing applicable network tariff structures are altered or extinguished - basing the network cost component on the most suitable network tariff consistent with e(i), (ii) and (iii) above;
 - (vi) In the event of significant uncertainty of both the prices and price structures of network tariffs to apply during the tariff year, and the QCA determines that there is insufficient time for the determination of the N component as set out in (e)(i), (ii) and (iii) above, use of a price indexation methodology to determine the N component for all existing Standard tariffs as set out in Part 2 of the current Tariff Schedule;
- (f) Transitional Arrangements – maintaining the current phase-out dates of obsolete tariffs (i.e. Tariffs 20 (large), 21, 22 (small and large), 37, 47, 48, 62, 65, and 66);
- (g) Continue enabling retailers to also charge Standard Contract Customers for the following customer retail services that are not included in regulated retail tariffs:
- (i) Amounts in accordance with a program or scheme for the purchase of electricity from renewable or environmentally-friendly sources (whether or not those additional amounts are calculated on the basis of the customer's electricity usage), but only if:

- (a) the customer voluntarily participates in such program or scheme;
- (b) the additional amount is payable under the program or scheme;
and
- (c) the retailer gives the customer prior written notice of any change to the additional amount payable under the program or scheme;

(h) Continuing Ergon Energy Queensland Pty Ltd's EasyPay Reward scheme.

Consultation Requirements (section 90AA(3)(e) of the Act)

Interim Consultation Paper

3. The QCA must publish an interim consultation paper identifying key issues to be considered when making the price determination.
4. The QCA must publish a written notice inviting submissions about the interim consultation paper. The notice must state a period during which anyone can make written submissions to the QCA about issues relevant to the price determination.
5. The QCA must consider any submissions received within the consultation period and make them available to the public, subject to normal confidentiality considerations.

Consultation Timetable

6. The QCA must publish an annual consultation timetable within two weeks after submissions on the interim consultation paper are due, which can be revised at the discretion of the QCA, detailing any proposed additional public papers and workshops that the QCA considers would assist the consultation process.

Workshops and Additional Consultation

7. As part of the interim consultation paper and in consideration of submissions in response to the interim consultation paper, the QCA must consider the merits of additional public consultation (workshops and papers) on identified key issues.

Draft Price Determination

8. The QCA must investigate and publish its draft price determination on regulated retail electricity tariffs, with each tariff (except for pricing for ICC determined under 2.(e)(iv) above) to be presented as bundled prices appropriate to the retail tariff structure.
9. The QCA must publish a written notice inviting submissions about the draft price determination. The notice must state a period during which anyone can make written submissions to the QCA about issues relevant to the draft price determination.

10. The QCA must consider any submissions received within the consultation period and make them available to the public, subject to normal confidentiality considerations.

Final Price Determination

11. The QCA must investigate and publish its final price determination on regulated retail electricity tariffs, with each tariff (except for pricing for ICC determined under 2.(e)(iv) above) to be presented as bundled prices appropriate to the retail tariff structure, and gazette the retail tariffs.

Time frame for QCA to make and publish reports (section 90AA(3)(b) of the Act)

12. The QCA must make its reports available to the public and, at a minimum, publicly release the papers and price determinations listed in paragraphs 3 to 11.
13. The QCA must publish the interim consultation paper for the 2020–21 tariff year no later than one month after the date of this Delegation.
14. The QCA must publish the draft price determination on regulated retail electricity tariffs, and this should occur in February 2020, but not later than March 2020.
15. The QCA must publish the final price determination on regulated retail electricity tariffs for the 2020–21 tariff year, and it should have the retail tariffs gazetted by 31 May 2020, but not later than 26 June 2020.

(SCHEDULE ENDS)

