

DEPARTMENT OF ENERGY AND PUBLIC WORKS

Electricity Act 1994

ELECTRICITY (MINISTERIAL) DELEGATION (NO. 1) 2023
to the Queensland Competition Authority (QCA)

Preliminary matters

1. The preliminary matters form part of this delegation.
2. **QCA** means the Queensland Competition Authority established under the *Queensland Competition Authority Act 1997*.
3. Section 89A of the *Electricity Act 1994* (the Act) relevantly provides:
price determination see section 90(1).
pricing entity means—
 - (a) the Minister; or
 - (b) QCA, if the Minister delegates a function of the Minister under section 90(1) to QCA.
4. Section 90(1) of the Act provides:
*The Minister must, for each tariff year, decide (a **price determination**) the prices, or the methodology for fixing the prices, that a retailer may charge its standard contract customers for all or any of the following—*
 - (a) *customer retail services;*
 - (b) *charges or fees relating to customer retail services;**Examples—*
 - *charges or fees for late or dishonoured payments*
 - *credit card surcharges for payments for the services*
 - (c) *other goods and services prescribed under a regulation.*
5. Section 90(5) provides:
In making a price determination, the pricing entity—
 - (a) must have regard to all of the following—
 - (i) the actual costs of making, producing or supplying the goods or services;
 - (ii) the effect of the price determination on competition in the Queensland retail electricity market;
 - (iii) if QCA is the pricing entity—any matter the pricing entity is required by delegation to consider; and
 - (b) may have regard to any other matter the pricing entity considers relevant.
6. Section 90AA(1) of the Act provides that the Minister may delegate to the QCA all or any of the Minister's functions under section 90(1) of the Act.
7. Section 90AA(2) of the Act provides that delegation to the QCA may state the terms of reference of the price determination.
8. Section 90AA(3) of the Act provides what the terms of reference may specify and how the terms of reference may apply.

9. The terms of reference provided for in sections 90AA(2) and (3) of the Act are contained in the Schedule to this delegation and comprise the matters under section 90(5)(a)(iii) of the Act that the QCA as the pricing entity is required by delegation to consider.

Powers delegated

10. Subject to the conditions of this delegation, I delegate all of the Minister's functions under section 90(1) of the Act to the QCA for the tariff year 1 July 2024 to 30 June 2025.

Conditions of delegation

11. The delegated functions of the Minister must only be exercised for the purpose of deciding the prices, or the methodology for fixing the prices that a retail entity may charge its Standard Contract Customers in Queensland, other than Standard Contract Customers in the Energex distribution area.
12. In exercising the delegated functions under section 89A, the QCA, as the pricing entity, must have regard to all of the matters set out in section 90(5)(a) of the Act, which includes the terms of reference in the Schedule to this delegation.
13. In exercising the delegated functions, the QCA must have regard to all relevant statutory provisions, whether referred to in this delegation or not.

Revocation

14. All earlier delegations of the Minister's powers under section 90(1) of the Act are revoked.
15. 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 2024–25 tariff year under section 90AB of the Act.

Note to delegation

16. Statutory references are to be construed as including all statutory provisions consolidating, amending or replacing the statute referred to and all regulations, rules, by-laws, local laws, proclamations, orders, prescribed forms and other authorities pursuant thereto.

This delegation is made by **The Honourable Mick de Brenni MP**
Minister for Energy, Renewables and Hydrogen and
Minister for Public Works and Procurement:

Signed:



The Honourable Mick de Brenni MP
**Minister for Energy, Renewables and Hydrogen and
Minister for Public Works and Procurement**

Dated: 14/12/2023

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 2024 to 30 June 2025.

Policies, principles and other matters the QCA must consider when working out the notified prices and making the price determination (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) Retail pricing policy:

- (i) the Government's Uniform Tariff Policy (**UTP**), which provides that, wherever possible, customers of the same class should pay no more for their electricity, and should be able to pay for their electricity via similar common price structures, regardless of their geographic location.

- (b) 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 generally treated as a pass-through and R (energy and retail cost) is determined by the QCA.

When determining the N components for each regulated retail tariff, where retained:

- (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, except for those set out in (b)(iii) below - basing the network cost component on the price level of the relevant Energex network charges to be levied by Energex, but utilising the relevant Ergon Energy Corporation Limited (EECL) tariff structures;
- (iii) for tariffs 62A, 65A, 66A and all large customer tariffs – basing the network cost component on the relevant EECL network charges to be

levied by EECL in the 'East distribution pricing zone - Transmission pricing zone T1'.

- (c) Small customer metering costs:
 - (i) basing small customer retail metering service costs, an element of R components for each regulated tariff, on the Energex rate for standard Type 6 small customer metering services plus costs incurred by retailers operating in the Energex distribution area for small customer advanced digital metering services;
 - (ii) having regard to the installation volume of advanced digital meters using Ergon Energy Retail and other electricity retailer forecast deployment information for 2023-25 and existing deployed stock levels;
 - (iii) applying a cost 'true-up' based on any difference between the forecast and actual volume of advanced digital meter installations for the previous tariff year (2022-23) as advised by retailers; and
 - (iv) setting a series of retail charges generally based on Ergon Energy Retail's averaged costs of manually reading a Type 4A meters associated with each of the electricity feeder types set out in the Electricity Distribution Network Code. The charges should apply to Standard Contract Customers who have voluntarily chosen to have the remote communication function of the advanced digital metering installed at their premises disabled.
- (d) Default tariffs:
 - (i) if there is an ongoing need for the existing 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; and
 - (ii) any need for tariff assignment arrangements where a customer is deemed to have entered a standard contract.

(e) Customer retail services:

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:
 - i. the customer voluntarily participates in such program or scheme;
 - ii. the additional amount is payable under the program or scheme; and
 - iii. the retailer gives the customer prior written notice of any change to the additional amount payable under the program or 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 information sessions that the QCA considers would assist the consultation process.

Information Sessions 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 (information sessions 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 (to the extent practicable) 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 (to the extent practicable) to be presented as bundled prices appropriate to the retail tariff structure, and gazette the retail tariffs in the form of a Tariff Schedule.

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 2024–25 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 no later than one week after the publication by the Australian Energy Regulator of its draft Default Market Offer for the 2024-25 tariff year.
15. The QCA must publish the final price determination on regulated retail electricity tariffs for the 2024–25 tariff year and have the retail tariffs gazetted no later than 7 June 2024.

(SCHEDULE ENDS)