

**Regulated retail
electricity prices
in regional
Queensland,
2025-26**

Information booklet

**Draft determination
March 2025**

Summary

The Treasurer, Minister for Energy and Minister for Home Ownership (the Minister) asked us to set notified prices for regional Queensland in 2025–26. This information booklet summarises key aspects of our draft determination, which is available on our [website](#).

Key takeaways

- We forecast an increase in underlying costs for most customers, which is reflected in the draft notified prices. While energy costs have generally decreased, network costs have increased.
- Notified prices for small customers are capped at the draft default market offer set by the Australian Energy Regulator (AER) for south-east Queensland. This lowered notified prices for small business customers.
- Draft prices will be updated in the final determination based on updated information and stakeholder feedback, as well as the AER's final decision on the default market offer.
- We propose to change or phase out various retail tariffs due to upcoming changes in network tariffs.
- We applied the same framework used in previous reviews. We considered factors outlined in the Electricity Act and in the Minister's delegation, including:
 - the network plus retail (N+R) cost build-up methodology, which includes regulated network costs (N component) and estimated energy and retail costs (R component).
 - the Queensland Government's uniform tariff policy (UTP), which means we set notified prices below actual supply costs for most customers, even though supplying electricity in regional Queensland is more expensive.



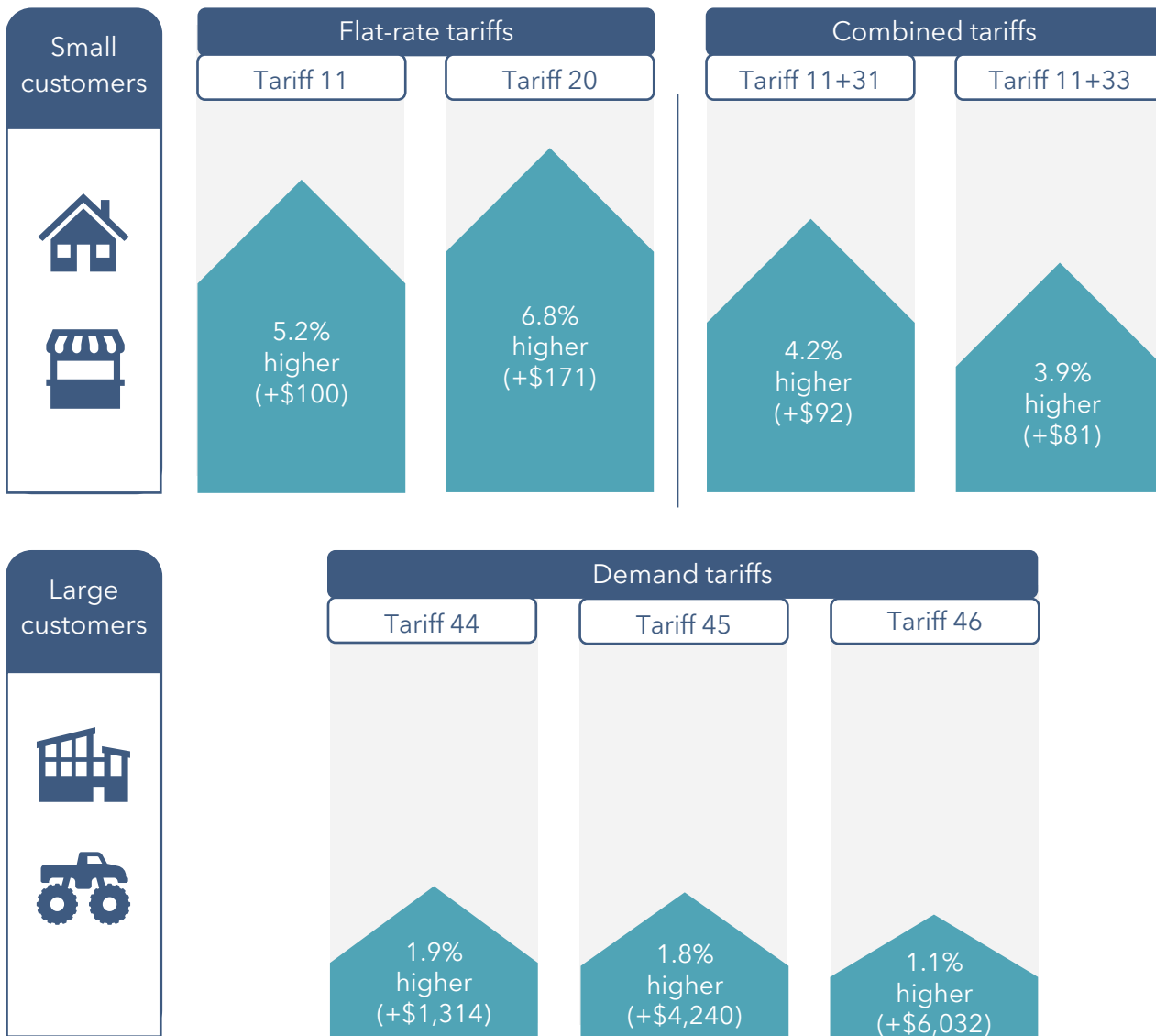
Submissions

We invite stakeholders to make submissions on our draft determination by **23 April 2025**.

Higher prices forecast in 2025–26

Notified prices are higher for most customers, largely due to an increase in network costs

Forecast change in annual bills for typical customers (compared to 2024–25)

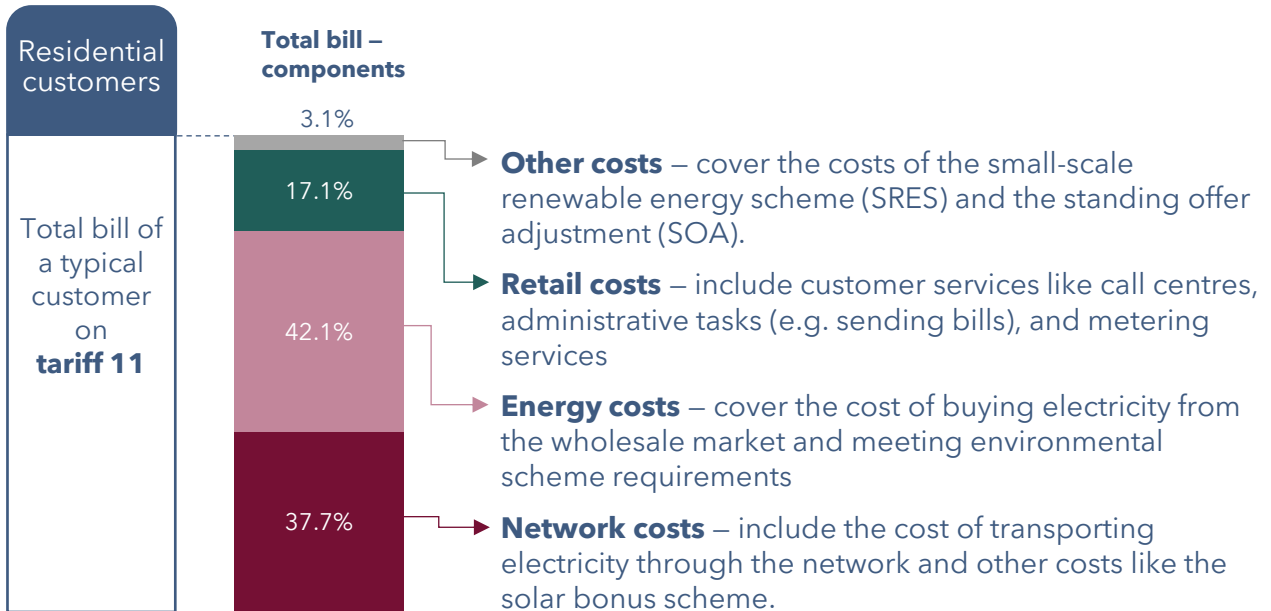


! A customer's actual bill will vary based on their consumption and the application of any government rebates or concessions.

Note: Bills are calculated based on 2025–26 median usage data for each tariff and include GST. Bill values have been rounded to the next dollar.

Cost components of an electricity bill

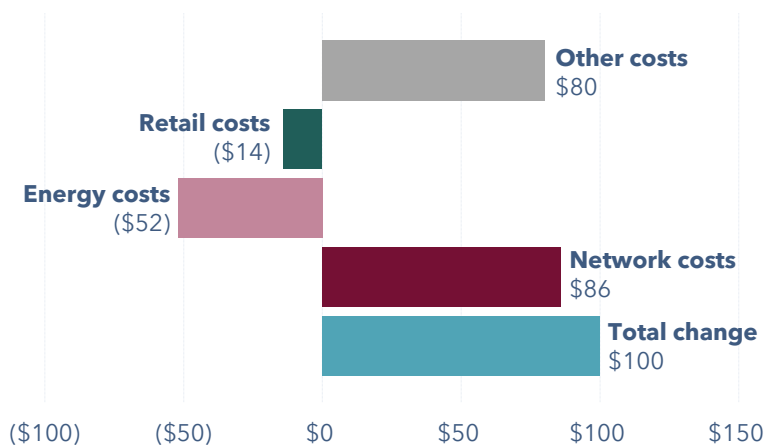
Individual cost components included in the build-up of notified prices



The annual bill is expected to increase for residential customers

The UTP lets us set notified prices lower than the actual costs of supply for most customers (see page 6).

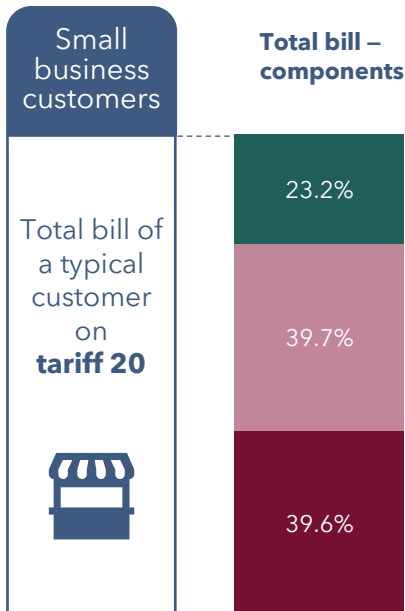
Change in cost components (2024-25 to 2025-26)



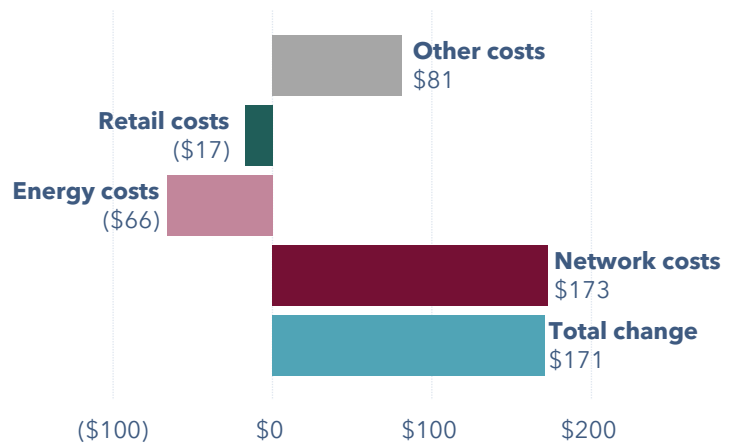
Note: The bill for tariff 11 (residential flat-rate) is used for the example above. Amounts have been rounded. Customers should be aware their actual bill will differ based on their individual energy consumption and any government rebates or concessions they receive.

Cost components (continued)

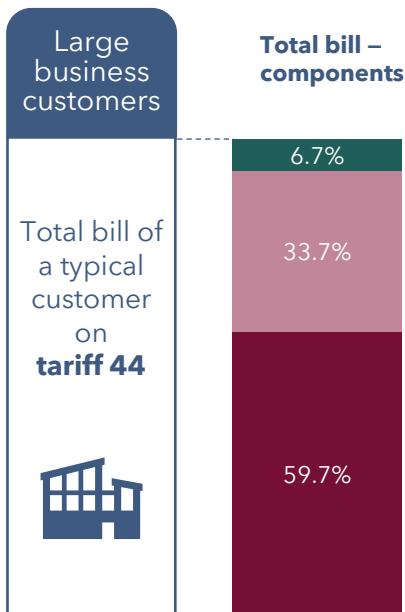
The annual bill is expected to increase for small business and large customers



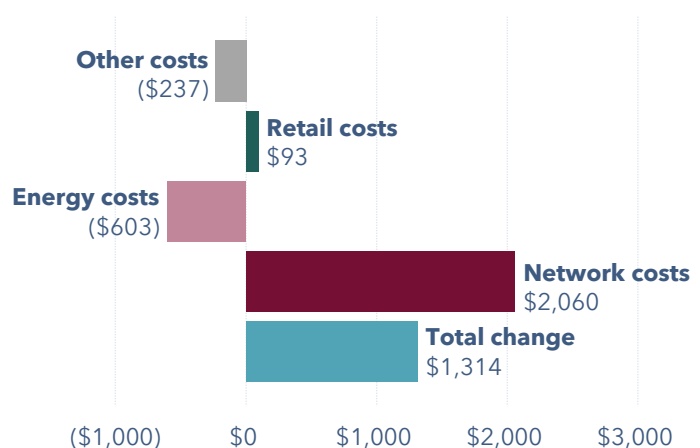
Change in cost components (2024-25 to 2025-26)



Note: Although the *change* in 'other costs' is positive, the value of 'other costs' for tariff 20 is negative this year due to the negative SOA discount required to reduce prices to the draft DMO level. SRES costs are also negative this year. As a result, other costs are not displayed in the total bill component cost stack.



Change in cost components (2024-25 to 2025-26)



Note: The 'other costs' for tariff 44 are negative this year due to the negative SRES costs (and are therefore not displayed in the total bill component cost stack).

Note: The bills for tariffs 20 and 44 are used in the examples above. Amounts have been rounded. Customers should be aware their actual bill will differ based on their individual energy consumption and any government rebates or concessions they receive.

Reasons for the changes in costs



Energy costs have decreased for most customers

We estimate wholesale energy costs using a market hedging approach. This approach is based on an efficient retailer that buys energy from the spot market and uses ASX Energy contracts to protect against price changes.

Our estimate of wholesale energy costs has decreased for most customers. This is due to a 'flatter' demand profile for some customers (which is cheaper for a retailer to hedge). Updated market data will be used for our final determination.



Retail costs have decreased for small customers but increased for large customers

We set retail cost allowances using an established benchmark, adjusted for inflation.

Advanced digital metering (ADM) costs are included in the retail cost component based on the expected rollout of ADMs in regional Queensland.

For small customers, the decrease in retail costs is due, in part, to the removal of legacy metering costs (these were previously accounted for in retail costs but are now included in network prices).



Network costs have increased for most customers

Network costs are set by the AER, and we include these costs in notified prices. Based on Ergon Energy Queensland's draft network prices, network costs are expected to increase for most customers. We plan to use the AER-approved network prices for our final determination.



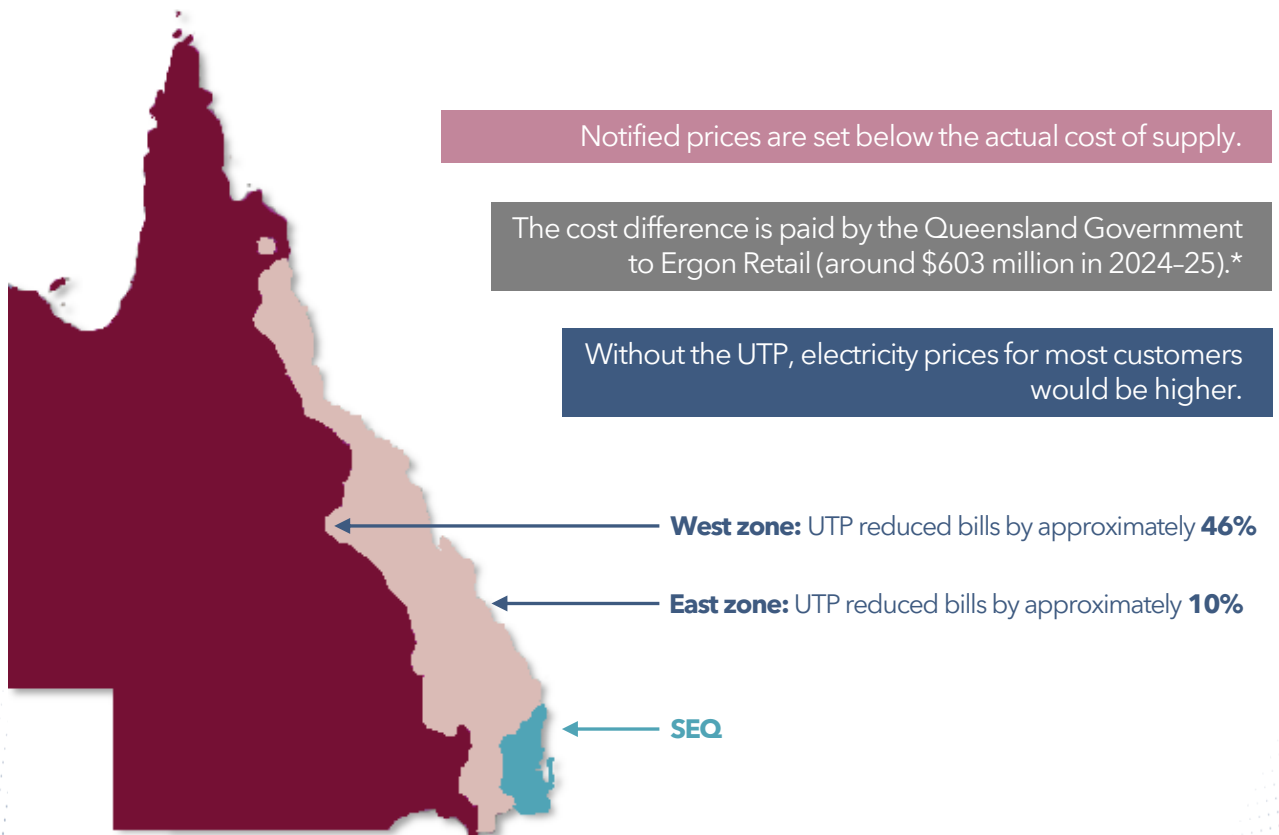
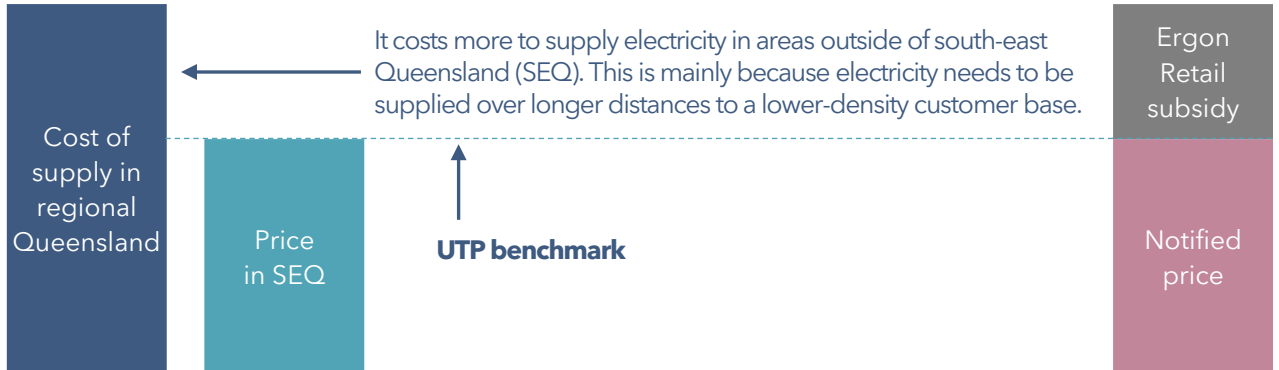
Other costs have increased for small customers but decreased for large customers

Other costs include those for renewable energy schemes, which are negative this year. For small customers, other costs also include the standing offer adjustment (see page 7).

Uniform tariff policy lowers prices

The UTP helps make electricity more affordable for customers in regional Queensland

Notified prices are set lower than the costs of supply for most customers in regional Queensland.



* Expected amount, including around \$94 million for isolated systems.

Notified prices compared to SEQ prices

We reduced small business customer prices following our DMO comparison

The Minister asked us to consider the costs and benefits of standing offers in SEQ, as well as the AER's default market offer (DMO) for customers in SEQ, when we set notified prices for small customers.

A standing offer is the default contract for customers not on a market contract. It ensures customers receive a basic service at a reasonable price. The DMO is the maximum price retailers can charge for standing offers in certain jurisdictions, including SEQ.

1 Standing offer adjustment (SOA)

We calculated a SOA of 3.35% for small customers to reflect the value of more favourable terms and conditions in standard contracts relative to market contracts. This is based on an assessment of additional fees that SEQ customers on market offers could incur (on top of their annual bill), which customers on standing offers would not incur.

2 DMO comparison

We made adjustments to enable a like-for-like comparison between the relevant notified price bills and the draft DMO reference bills in SEQ.*



The notified prices bill for small business customers (including a SOA of 3.35%) exceeded the relevant draft DMO reference bill for SEQ determined by the AER.

3 SOA reduction for small business customers

As a result of the DMO comparison, we reduced the SOA for small business customer tariffs from 3.35% to -2.37%. This reduction was applied to other small business tariffs to maintain price relativity across the tariffs, resulting in lower bills for small business customers in regional Queensland.

As the notified prices bill for residential customers was below the relevant draft DMO reference bill for SEQ, we did not reduce the SOA for residential customer tariffs.

* Including adjustments to notified prices to account for differences in the treatment of GST and consumption levels.

Changes to network tariffs

We propose to change or phase out various retail tariffs due to changes in network tariffs

Proposed changes to retail tariffs

Tariff made obsolete* with a 12-month phase-out date

Introduce standard retail tariff based on new network tariff structure

T22B, T22C, T24A,
T44, T50A

There are changes to the underlying network tariffs. New retail tariffs are introduced to reflect these changes (available to new customers and existing customers that opt in).

Do not introduce a new retail tariff

T45, T46, T52A,
T52B, T52C.
T50, 62A, 65A, 66A
(already obsolete)

The underlying network tariffs are being withdrawn.

Tariff extinguished immediately

T14B, T24B

The underlying network tariffs are being withdrawn. No transition period is provided because alternative tariffs are available, including tariffs of the same type (demand tariff), and the number of affected customers is limited.

Tariff changed immediately

T12B, T12C, T14A,
T31, T33, T60B

Changes to the underlying network tariff structure will be implemented immediately. No transition period is provided as changes are relatively minor.

New retail tariffs introduced

Large business
time-of-use (TOU)
energy, CAC TOU
demand (4 variants
based on
connection type)

Given there is reasonable certainty around the terms and conditions for the new network tariffs, we propose to introduce new retail tariffs based on these. As there is less certainty around other new network tariffs, including the associated terms and conditions, we are not proposing to implement these at this time, but could in future.

* Customers can access the tariff until the phase-out date, but the tariff is closed to new customers.

Next steps



Draft determination

We have published our draft determination, which is available on our [website](#).



Information sessions

We will hold information sessions on our draft determination in April 2025.

Details on the sessions, including the timing and how to register, are available on our [website](#).

Subscribe to our [email alerts](#) to stay updated on the latest developments.



Submissions

Public involvement is a key part of our decision-making process. We invite stakeholders to submit written comments on issues raised in the draft, or any other matters related to our price determination.

Submissions are due by **23 April 2025**. Information on how to make a submission can be found in our draft report and on our [website](#).



Final determination

We will make a final determination by 7 June 2025.

The notified prices will apply from 1 July 2025.