



The Hon. David Janetzki MP
Treasurer
Minister for Energy
Minister for Home Ownership

1 William St Brisbane
GPO Box 611 Brisbane
Queensland 4001 Australia
Email treasurer@ministerial.qld.gov.au
Website www.treasury.qld.gov.au

ABN 90 856 020 239

Our Ref: QT 00456-2024/ MN 10980-2024

Professor Flavio Menezes
Chair
Queensland Competition Authority
GPO Box 2257
BRISBANE QLD 4001

Email: [REDACTED]

Dear Professor Menezes

Pursuant to section 90AA of the *Electricity Act 1994* (the Act), I am delegating to the Queensland Competition Authority (QCA) the functions under section 90(1) of the Act for the determination of regulated retail electricity prices in regional Queensland for the 2025–26 Tariff Year.

The enclosed Delegation No. 1 2024 is for the setting of notified prices for existing retail tariffs in the usual manner. To achieve this, I ask QCA to consider applying the same cost build-up methodologies it used in setting prices for 2024–25 for all current tariffs.

Additionally, pursuant to section 93 of the Act, I direct the QCA to decide the flat rate regional Queensland solar feed-in tariff (FiT) for the 2025–26 Tariff Year.

As you are aware, the Queensland Government's uniform tariff policy (UTP), as described in the Delegation, provides an important and longstanding mechanism to ensure people living in regional Queensland pay equivalent prices to those in South East Queensland (SEQ) – despite the actual higher costs of delivering electricity to those areas.

As such, I require the QCA continue to apply the UTP and to consider the SEQ Default Market Offer (DMO) price to be a cap – meaning the standard flat rate tariffs should be set no higher than the equivalent SEQ DMO. For the removal of doubt, this means a negative Standing Offer Adjustment (SOA) can be applied if necessary to deliver on the Queensland Government's UTP. When applying any SOA adjustment, retention of bill relativity remains important and is to be maintained for more complex small customer tariffs, including those for which equivalent DMOs are not determined by the Australian Energy Regulator (AER).

I note the 2025–2030 Energex and Ergon Energy network regulatory reset period will apply from 1 July 2025. As such, the delegation provides that the QCA should consider its approach to incorporating underlying network tariffs in its standard retail tariff decisions, including the option for transitional arrangements where network tariffs will become obsolete or expire, if deemed necessary.

In the enclosed Direction for the regulated FiT, I ask that the QCA continue to apply its avoided cost methodology, consistent with the previous years' decisions. However, for the 2025–26 decision, the QCA may consider including a public consultation process, while undertaking consultation activities for the regulated electricity pricing decision.

The QCA is required to publish its draft determinations within one week after the AER publishes the draft DMO for the 2025–26 tariff year, and to publish its final determinations by 7 June 2025.

Queensland Treasury will be available to consult with the QCA on the 2025–26 price determination and FiT. If you require further information or assistance with this matter, Ms Kaitlyn Stutz, Executive Director, Energy, Queensland Treasury, can be contacted by email at [REDACTED]

Yours sincerely



DAVID JANETZKI MP
Treasurer
Minister for Energy
Minister for Home Ownership

19 / 12 / 2024

Encl. (2)

QUEENSLAND TREASURY
Electricity Act 1994
ELECTRICITY (MINISTERIAL) DELEGATION (NO. 1) 2024
to the Queensland Competition Authority

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 2025 to 30 June 2026.

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 2025–26 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 David Janetzki MP**, Treasurer, Minister for Energy and Minister for Home Ownership.

Signed:



The Honourable David Janetzki MP
Treasurer
Minister for Energy
Minister for Home Ownership

Dated:

18/12/24

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 2025 to 30 June 2026.

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 (if relevant) 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.
 - (iv) For all other existing standard tariffs – 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 structure and access requirements in the tariff year, considering if there is an existing applicable network costs component to apply as the most suitable network tariff consistent with the above.
 - (v) In the event of significant uncertainty of both the prices and price structure 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, use of a price indexation methodology to determine the N component for existing standard tariffs as set out in the current Tariff Schedule.
 - (c) *Transitional Tariff Arrangements:*
 - (i) Given some network tariffs may become obsolete through the 2025-2030 network regulatory reset period, consider if standard retail tariffs that are based on the

relevant N component will be phased-out transitionally or become obsolete in the Tariff Year.

- (d) *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 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 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.
- (e) *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.
- (f) *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 may publish an interim consultation paper identifying key issues to be considered when making the price determination.
4. The QCA may publish a written notice inviting submissions about the interim consultation paper. The notice may state a period during which anyone can make written submissions to the QCA about issues relevant to the price determination.
5. The QCA may 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 may 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. 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.

8.

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 2025–26 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 2025-26 tariff year.
15. The QCA must publish the final price determination on regulated retail electricity tariffs for the 2025–26 tariff year and have the retail tariffs gazetted no later than 7 June 2025.

(SCHEDULE ENDS)