



Speech by

**Hon. T. McGRADY**

**MEMBER FOR MOUNT ISA**

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Hansard 25 May 1999

### **MINISTERIAL STATEMENT**

#### **Electricity Industry**

**Hon. T. McGRADY** (Mount Isa—ALP) (Minister for Mines and Energy and Minister Assisting the Deputy Premier on Regional Development) (9.53 a.m.), by leave: I am pleased to inform the House that final arrangements have been put in place for the commencement of the third tranche of retail contestability in the Queensland electricity industry, which starts on 1 July this year. From that date, around 6,400 Tranche 3 customers will be eligible to enter the competitive electricity market and purchase electricity from the supplier of their choice. These customers will be those who use more than 0.2 gigawatt hours of electricity a year, which is equivalent to energy bills of greater than about \$20,000 per year. They represent small to medium-sized businesses located throughout the State, for example, a local retailer, corner store and other smaller businesses.

Just as customers now shop around for the best prices for other products to run their businesses, an additional 6,400 customers will have the freedom to choose the electricity retailer who will give them the best value for money. This is fundamentally an issue of customer choice. Tranche 3 customers have the choice of entering the competitive electricity market and seeing the benefits on offer, such as lower prices. Alternatively, if they wish they can stay on their current franchise tariff.

This represents the next stage in the roll out of retail contestability in Queensland and is an important element in the Government's electricity reforms, which are aimed at maximising customer choice and investment opportunities in our State. As part of this process, I recently approved network prices to apply to contestable customers in accordance with the Electricity Act 1994. These are the prices to be paid by customers for use of the transmission and distribution wires. So contestable customers will be able to use these network prices to shop around for lower electricity prices in the market.

Customers can obtain copies of these prices from their local distribution corporation. The network prices will be administered by Energex, for grid-connected customers in south-east Queensland, and Ergon Energy, for grid-associated customers in the rest of the State.

A strategy has been put in place to inform potential customers of the changes involved and what they can do to enter the competitive market. I strongly encourage Queensland businesses to contact their local electricity distributor regarding these arrangements. If they are eligible to be contestable, this will allow them to negotiate contracts with the suppliers of their choice in plenty of time to take full advantage of any benefits under the new scheme as soon as it becomes effective, as I said, after 1 July this year.

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