

QUESTION ON NOTICE

No. 1623

asked on Thursday, 1 November 2018

MR S ANDREW ASKED THE MINISTER FOR NATURAL RESOURCES, MINES AND ENERGY (HON DR A LYNHAM)—

QUESTION:

With reference to the Queensland Competition Authority's assessment methods for electricity price determinations over the last decade, the outcomes of which do not deliver cost effective retail electricity supplies to regional residential and small business consumers—

Will the Minister (a) consider issuing a Ministerial Directive to directly set all regional retail electricity tariffs at more affordable levels across the regulatory period 2019-20 and (b) initiate an independent, honest and in-depth review of solutions to utilise and manage existing generation and distribution network assets together with emerging renewable, and other, solutions to deliver cheaper power to every Queenslanders?

ANSWER:

- (a) The Queensland Competition Authority (QCA) is an independent authority which, when setting notified electricity prices for regional Queensland, takes into account the government's Uniform Tariff Policy (UTP) which ensures that all customers in Queensland pay, broadly, the same for their electricity, regardless of their geographic location. The UTP subsidises electricity prices for regional Queenslanders by approximately \$480 million a year.

Prices set by the QCA for the 2018-19 financial year decreased power prices by 1.3% in regional Queensland.

- (b) The QCA confirmed that the initiatives under the Affordable Energy Plan have delivered lower electricity prices for Queensland. The QCA released its South East Queensland market monitoring report for the September 2018 quarter, and found that electricity prices for households have reduced, or remained stable, for the last four quarters. In addition, in its determination for regional electricity prices for 2018-19, the QCA confirmed energy prices did not increase because of the government's direction to Stanwell to alter its bidding practices, and to return Swanbank E to service.

Queensland has the lowest wholesale electricity prices on the east coast, and futures prices remain the cheapest in the market for 2019, 2020 and 2021.

The new clean energy generator, CleanCo, which is expected to be trading by mid-2019, will help to dampen price volatility, and increase competition in Queensland's wholesale electricity market.

All of this is only possible because Queensland's electricity assets remain publicly owned.

The government's 50 per cent renewable energy target is also driving an unprecedented level of investment in new generation in the state, and is expected to drive down wholesale prices further in the future.