

Question on Notice
No. 1581
Asked on Wednesday, 29 November 2023

MR S KNUTH ASKED MINISTER FOR ENERGY, RENEWABLES AND HYDROGEN AND MINISTER FOR PUBLIC WORKS AND PROCUREMENT (HON M DE BRENNI)

With reference to Queensland Ergon Energy customers in my electorate having received accounts with an increase to the service fee charged under the heading 'New Charges'—

Will the Minister outline (a) if there has been an increase to the service charge recently, (b) what the increase is related to and (c) why it has been passed onto customers already struggling with increased electricity bills?

ANSWER

I can confirm there have been no changes in regulated retail electricity pricing since the 2023-24 prices came into effect on 1 July 2023. I am advised the heading of "New Charges" on an Ergon Energy retail electricity bill simply refers to the customer's electricity usage and associated charges for that billing period. The "Service Fee" refers to the daily supply charge, which applies to all primary electricity tariffs.

Each year, I delegate the Queensland Competition Authority (QCA) to set the regulated retail electricity prices in regional Queensland.

The 2023-24 pricing determination resulted in an annual increase of 28.7 per cent (\$429) for a typical household and 26.8 per cent (\$511) for a typical small business in regional Queensland. The QCA attributed the main driver of bill increases to higher wholesale energy costs resulting from the challenges in the energy sector. In response the Queensland Government applied a Cost of Living Rebate (CoLR) which is more than three times the size of the rebate last financial year. In consideration of the assistance being provided in 2023-24, Queensland households and small businesses continue to pay amongst the lowest prices for electricity in the country.

For a typical residential customer on flat rate Tariff 11 the daily supply charge, also known as the 'service charge' or 'service fee' and a part of the total bill, increased by about 21 per cent (\$77 per year) in 2023-24. Much of the increase (about \$71) is due to the QCA including costs for metering services, which it now treats as a retail cost, into the daily supply charge of small customer tariffs. In the past these charges had been set out separately in the Tariff Schedule and were billed as a separate line item and in addition to any tariff charges.

It is important to note that electricity prices in regional Queensland are regulated based on the Queensland Government's long standing uniform tariff policy, which ensures small customers in regional Queensland pay similar prices compared to those in South East Queensland (SEQ). To ensure regulated prices can be set below the actual cost of supply, the Queensland Government pays Energy Queensland a Community Service Obligation subsidy, budgeted at \$537 million in 2023-24. As a result, standard small customer tariffs are similar to the costs in SEQ, not the higher actual costs of supply in regional Queensland.