

MEDIA RELEASE

Regulated electricity prices for 2014–15 released

30 May 2014

“Today, the Queensland Competition Authority (QCA) is releasing regulated electricity prices for 2014–15. Unfortunately, significant price increases will again be necessary to keep pace with rising industry costs,” said QCA chairman Malcolm Roberts.

“In 2014–15, assuming the carbon tax continues, the typical residential customer can expect a price increase of 13.6% or \$191. The typical small business customer will face a 11.5% increase or \$219.

“As the carbon tax may be repealed in 2014–15, the QCA is also releasing a second set of carbon exclusive prices. Repeal of the carbon tax would cut the increases above to 5.1% (\$72 increase) and 3.3% (\$63 increase).

“The QCA regrets that prices increases are necessary. Any increase in electricity prices is unwelcome. We consult widely with customer groups across the State. We know that higher prices cause hardship for many customers. Nevertheless, if industry costs are rising, prices must follow to ensure reliable electricity supply,” said Malcolm Roberts.

The main factors pushing up prices are wholesale energy costs, the Solar Bonus Scheme and network charges.

“The costs of generating electricity are forecast to rise by 21.5% in 2014–15. Generation costs have been relatively flat for many years. However, increasing demand from the LNG industry and higher gas prices are expected to increase generation costs, adding \$73 to the typical annual residential bill.

“The cost of the Solar Bonus Scheme will double in 2014–15, adding another \$54 to the typical residential bill.

“While ‘poles and wires’ no longer account for the largest increase in costs, network charges will still add \$38 to the typical residential bill.

“The QCA will continue to increase the transitional tariffs paid by some business customers in line with the increase in other business tariffs. Transitional tariffs offer lower prices than other business tariffs, usually lower than the actual costs of supply. In 2012–13, these tariffs were subsidised by taxpayers by an estimated \$110 million.

“While industry costs will be increasing significantly in 2014–15, there are good reasons to expect these cost pressures to abate in 2015–16. In particular, the rate of increase in network charges is widely expected to moderate when a new regulatory determination commences on 1 July 2015. There can be no guarantees about future prices but there are grounds for cautious optimism,” said Malcolm Roberts.

The price changes announced today will apply to all customers on regulated prices. In south east Queensland, 70 per cent of residential customers are already on market contracts which usually offer discounted prices.

The QCA encourages customers who have the option of changing their plans to test the market for a better deal. Our price comparator can help customers compare electricity prices in Queensland. The tool is free to use and also available on our website: www.qca.org.au/compare

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