



## **MEDIA RELEASE**

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### **New Qld Electricity Tariff Policy – “A step in the right direction” - ERAA**

A new electricity tariff policy outlined in a bill amending the Electricity Act 1994 tabled in the Queensland Parliament on Tuesday by Qld Energy Minister, Hon. Geoff Wilson MP, has been labelled a “step in the right direction” by the Energy Retailers Association of Australia (ERAA), the peak body representing electricity and gas retailers operating in the National Electricity Market (NEM).

Introduction of the new approach to setting electricity tariffs comes at a critical time as Queensland counts down to the introduction of Full Retail Contestability (FRC) from 1 July, 2007 and as the Government finalises the process of selling its State owned retailers.

The new tariff policy to be administered by the Queensland Competition Authority (QCA) alters the basis for amending the uniform state wide tariff from a CPI based approach to one that is based on an electricity cost index.

The cost index will look at such things as the wholesale cost of energy, network tariffs, retail industry costs and any other variables the QCA considers relevant. Electricity price adjustments will be subject to a transparent process of industry and public consultation.

“While implementation is often the key where price regulation is concerned, assuming the new tariff policy ensures a fair margin for retailers, it should provide scope for vigorous competition in market contracts once FRC kicks off in the middle of next year”, the ERAA Executive Director, Mr Cameron O’Reilly said today.

“That competition will benefit consumers who are the real winners from the choice and flexibility which FRC provides.”

“Ultimately we believe FRC is most effective when market based pricing is adopted across the board and in time the ERAA looks forward to making that argument in the context of the Ministerial Council on Energy (MCE) and Australian Energy Market Commission’s (AEMC) reviews of effective competition in all jurisdictions - including Queensland”, Mr O’Reilly said.

The ERAA said they would welcome the opportunity to work with the Minister and the QCA in developing any supporting regulations and methodologies for the new tariff policy. ERAA members who collectively service more than 11 million customers across Australia include AGL, Origin Energy, TRUenergy, Sun Retail, Ergon Energy, Energy Australia, Country Energy, Integral Energy, Aurora Energy, ACTEW/AGL, Horizon Power and Synergy Energy.

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