April 2026

Statement of reasons: Ergon Energy Annual Pricing Proposal

The AER approves Ergon Energy's 2026–27 pricing proposal which contains tariffs that are due to commence on 1 July 2026. Ergon's approved tariffs are set out on our website.

Estimated network cost movements

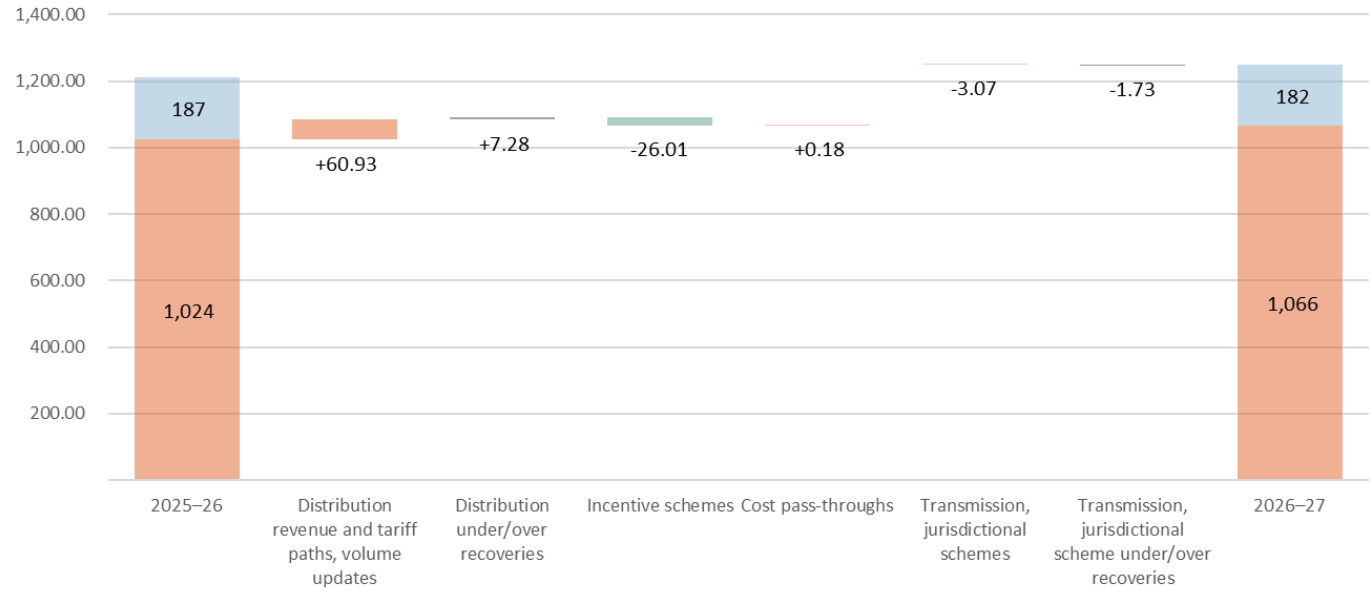
We estimate the average network cost movements below for Ergon Energy customers in 2026–27, compared to 2025–26.

	Flat-rate tariff	Time-of-use tariff
Residential	+$37.58	+$31.45
Small business	+$67.07	+$118.41

The network cost movements reflect an increase in revenue that Ergon Energy is allowed to recover in 2026–27. A forecast decrease in consumption relative to 2025–26 contributes to this. We provide more detailed information on Ergon Energy's consumption forecasts in the following pages.

The increase in revenue is predominantly due to the revenue path set in the applicable determination, actual inflation and increased transmission costs. This is partially offset by decreased incentive scheme amounts. These key drivers can be seen in Figures 1 through 4.[1]

Figure 1 Residential flat-rate tariff: Average annual network cost movement



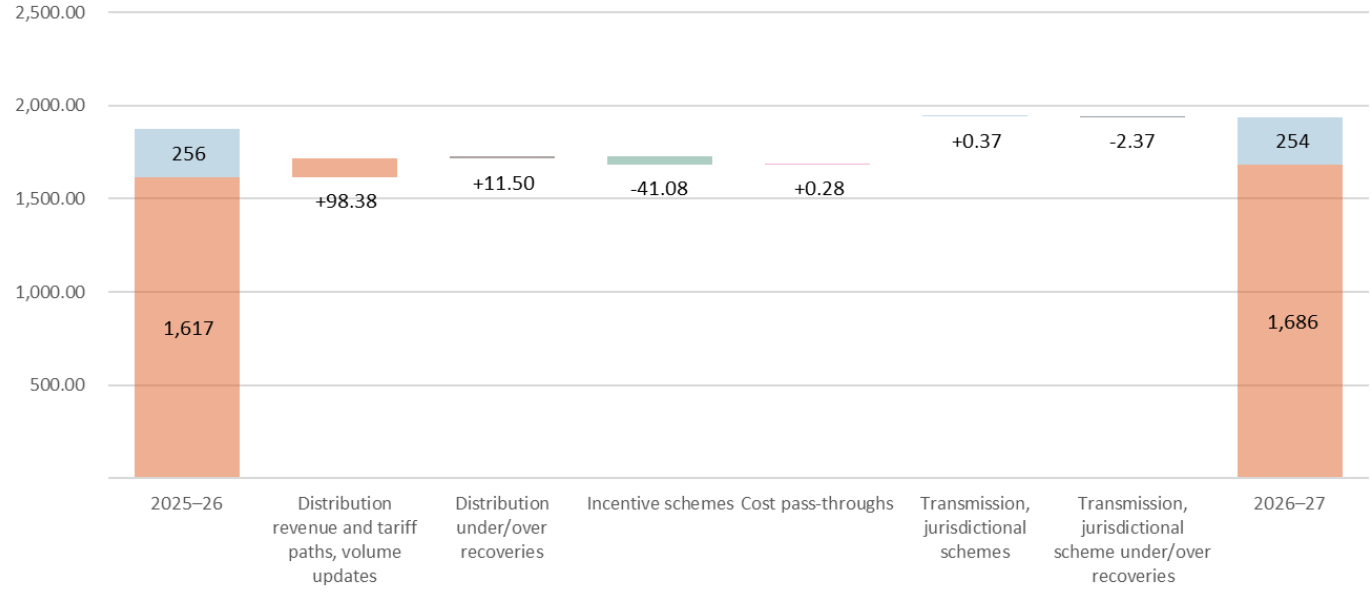
Source: AER analysis; Ergon Energy's 2026–27 pricing proposal.
Note: The above analysis assumes electricity usage of 5,268 kWh. This is based on the most recent data for electricity usage and customer numbers reported in Ergon Energy's 2026–27 pricing proposal for the East Residential Flat tariff.

[1] The columns in the chart represent the average annual network charge for relevant years. Within the columns, the orange columns represent the distribution and metering components of the approved network tariffs, including the impact of actual inflation. The blue columns represent revenues recovered on behalf of transmission networks and amounts related to schemes imposed by State or Territory Governments. These charts may differ to the revenue drivers to reflect distributors' differing application of these revenue drivers across tariffs.

Figure 2 Residential time-of-use tariff: Average annual network cost movement

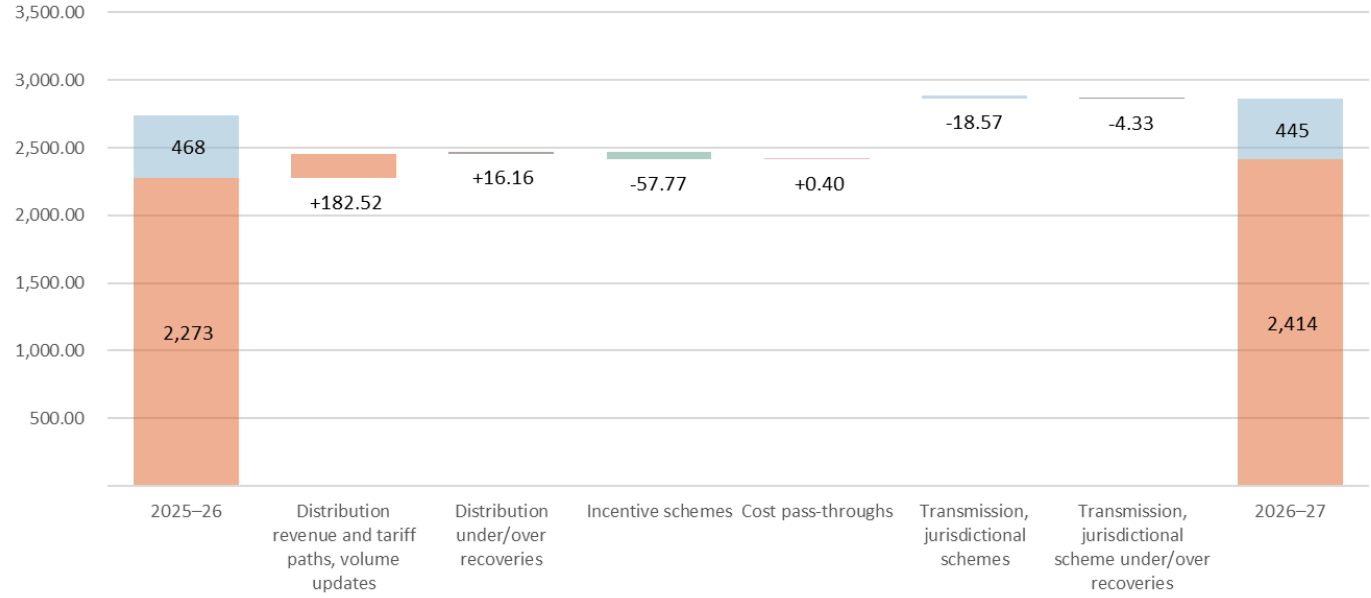
Source: AER analysis; Ergon Energy's 2026–27 pricing proposal.
Note: The above analysis assumes electricity usage of 1,680 kWh in the peak period, 875 kWh in the off-peak period, and 2,648 kWh in the shoulder period. This is based on the most recent data for electricity usage and customer numbers reported in Ergon Energy's 2026–27 pricing proposal for the East Residential TOU (time-of-use) Energy tariff.

Figure 3 Small business flat-rate tariff: Average annual network cost movement



Source: AER analysis; Ergon Energy's 2026–27 pricing proposal.
Note: The above analysis assumes electricity usage of 6,078 kWh. This is based on the most recent data for electricity usage and customer numbers reported in Ergon Energy's 2026–27 pricing proposal for the East Business Flat tariff.

Figure 4 Small business time-of-use tariff: Average annual network cost movement



Source: AER analysis; Ergon Energy's 2026–27 pricing proposal.
Note: The above analysis assumes electricity usage of 1,997 kWh in the peak period, 1,928 kWh in the off-peak period, and 15,242 kWh in the shoulder period. This is based on the most recent data for electricity usage and customer numbers reported in Ergon Energy's 2026–27 pricing proposal for the East Small Business TOU (time-of-use) Energy tariff.

Actual bill impacts for individual customers will vary from our estimates as customers may be on different tariffs or consume different amounts of energy from our assumptions. Our analysis is based on flat rate or block tariffs and the main time-of-use tariffs, which have historically been the most common tariffs for residential and small business customers across the NEM. Distributors may apply movements from revenue drivers differently across tariffs which may mean some tariffs increase while others decrease.

The Queensland Competition Authority sets regulated prices for regional Queensland retail customers on the Ergon Energy network. Price impacts outlined in this document will typically not be passed on directly to these small retail customers.

We note electricity retailers ultimately determine how these underlying network tariffs are reflected in the retail prices offered to customers. In most instances network charges make up less than half of the retail bill.

Under/over recovered revenues

Although we set the revenues the distributors can recover, the revenue they ultimately receive over an individual year is determined by the amount of actual energy consumed in that year. This is because:

- Actual energy consumption can fluctuate from forecast consumption because of a number of factors such as weather, increased uptake of solar PV, or the rate of electrification (that is, the shift from gas to electricity). These fluctuations in energy consumption result in distributors recovering more or less than the allowable revenue we set.
- Variations can also occur for the transmission costs and jurisdictional scheme amounts a distributor passes through to customers where actual payments differ to what was forecast.

To ‘true-up’ these variations in revenue, adjustments are made to allowable revenues for the upcoming financial year to ensure that over time, a distributor only recovers the revenue it is allowed.

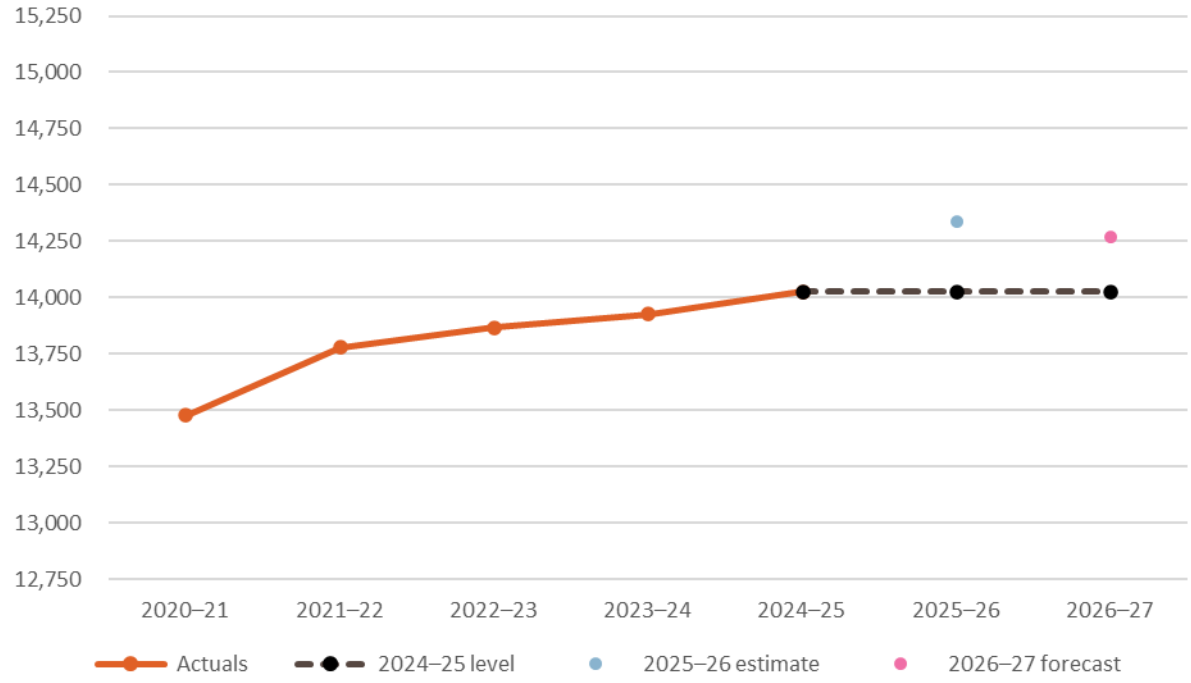
Consumption forecasts

Electricity distributors operate under a revenue cap which sets the annual allowed revenue they can recover to deliver safe and reliable electricity within their networks. Prices are determined based on forecast consumption for that year, allowing distributors to recover their allowed revenue. If distributors forecast lower consumption, then other things being equal, prices are expected to be higher to allow them to recover the revenue allowed.

Our assessment of the distributors’ consumption forecasts includes analysis of historical consumption trends and the reasons put forward for any departure from them. This includes changes in post-pandemic consumption, behaviour due to electrification, increases in distributed energy resources and ongoing data centre rollout across some jurisdictions.

Figure 5 shows that Ergon Energy has forecast a slight decrease in energy consumption for 2026–27 relative to 2025–26. While the forecast reflects growth in residential and small business customers, driven by Queensland’s rising population, the decrease in consumption is driven by return to normal weather conditions and continued growth in rooftop solar installations.

Figure 5 Energy volumes (GWh)



Source: AER analysis; RIN and AIO data; Ergon Energy’s 2026–27 pricing proposal.

We consider Ergon Energy’s consumption forecasts are reasonable based on our analysis and the supporting information provided by Ergon Energy.