

Wednesday, 7 October 2015

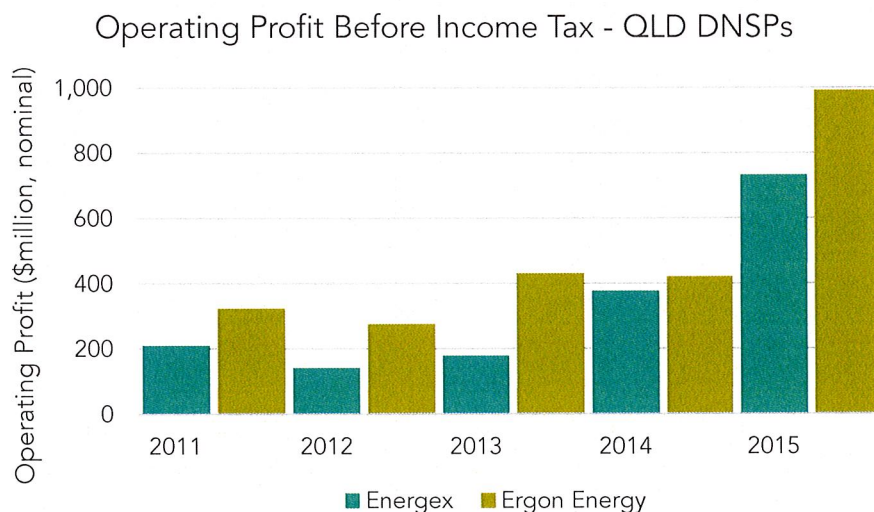
Paula Conboy  
Chair  
Australian Energy Regulator  
GPO Box 520  
Melbourne 3001

Sent via email: [Jacqui.burns@aer.gov.au](mailto:Jacqui.burns@aer.gov.au)

Dear Ms Conboy,

## Network super profits prove price reductions possible

In the past week, Queensland's Distribution Network Service Providers (DNSPs) Energex and Ergon Energy have released their annual profit results for the 2014-15 financial year. The results for both DNSPs show profits have doubled from 2013/14 to 2014/15 – a single financial year.



Dividends provided to the DNSPs' shareholders have also increased; 300% for Energex and 500% for Ergon Energy.

As you would be aware, electricity prices in Queensland have risen sharply over the past decade, primarily due to out of control network revenues and prices. The result has been unprecedented pressure on the cost of living and the cost of doing business in Queensland. Households, small business, irrigators and industry are all struggling to pay their electricity bills.

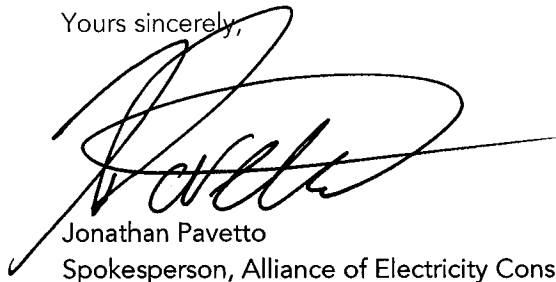
The Alliance of Electricity Consumers and other consumer advocates across Queensland have high expectations for the AER's Final Decision, that the AER will make larger reductions to the DNSPs' revenues than those proposed in the AER's Preliminary Decision.

Based on two submissions to the AER, the Alliance has found that without serious reductions in network revenues, retail prices for consumers will continue to increase. In the same submissions, the Alliance has also identified ways for the AER to reduce both DNSPs' revenues by up to 70%. We hope you and your colleagues will seriously consider the options presented in our submissions, particularly on issues relating to the networks' financing costs.

The profit results presented by Energex and Ergon Energy show that the Alliance's claims for large revenue reductions can be achieved without reducing the safety or reliability of the state's electricity network.

I look forward to the AER's announcement later this month. If you would like to discuss consumer perspectives on topical issues, please don't hesitate to contact me on my mobile 0420 472 996 at any time.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Jonathan Pavetto', with a long horizontal flourish extending to the right.

Jonathan Pavetto  
Spokesperson, Alliance of Electricity Consumers