

**AER ENERGY QUEENSLAND DETERMINATION
2020 – 2025**

**CHAMBER OF COMMERCE
AND INDUSTRY QUEENSLAND** **CCIQ** Powering
business
potential
(CCIQ)

ABOUT CCIQ

- CCIQ is Queensland's peak industry representative organisation for small and medium businesses
- We represent over 448,000 Queensland small and medium businesses (SMEs)
- SMEs constitute 97.7% of Queensland businesses
- SMEs employ 66% of Queenslanders in the private sector



POWER PRICES: CCIQ MEMBER VIEWS

- CCIQ conducts the Suncorp Pulse Survey of Business Conditions (Pulse Survey) once-a-quarter
- The Pulse Survey is the largest survey of Queensland businesses
 - Electricity prices consistently cited among biggest pain points for business
 - It has been the No.1 pain point for businesses in several of our quarterly surveys



2020 – 2025 DRAFT DECISION

- CCIQ acknowledges the AER Draft Decision (October 2019) moderating Maximum Allowable Revenue (MAR) for:
 - **Ergon Energy**
 - Leading to \$82/year (\$6.80/month) savings for average small business customers
 - **Energex**
 - Leading to \$82/year (\$6.80/month) savings for average small business customers
- Savings are always welcome but, in this case, are very limited in scale



SUGGESTIONS

- Continued insistence on evidence and quantitative cost-benefit analysis to support capex forecast
- Interrogate this when delivered by Ergon and Energex
- Continued push for efficient opex as a result of merger leading to formation of EQ
- These measures may add to the \$6.80/month savings predicted for small businesses under current draft decision



BIGGEST NETWORK COST DRIVERS

- Inflated RAB
- Financing costs
- Tax Allowance
- Negative incentives
- MAR allows networks to raise prices to meet MAR in the event of lower-than-predicted power demand



FINAL QUESTION

- Given widespread agreement on
 - Over-investment in network infrastructure
 - Networks constituting biggest proportion of power bills
 - Massive negative impact on business and consumers
 - Urgent need to reduce power prices
- The proposed savings of \$6.80/month are disappointing
- Are we really tackling the biggest cost drivers? If not, why?

