



ECA insights on the Energy Queensland revenue proposals

AER pre-determination conference
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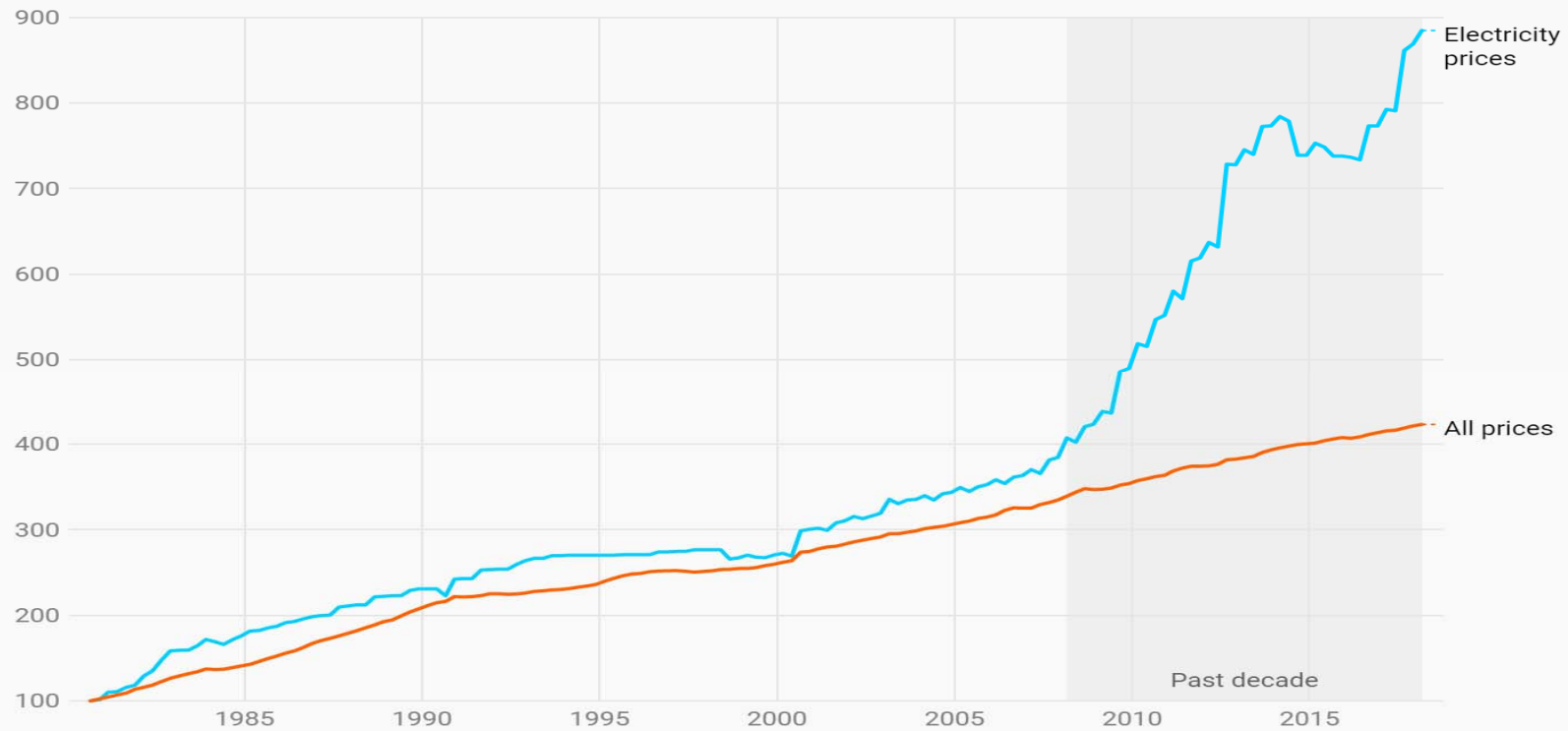
1 Our vision for the market



***Ensuring that consumer values,
priorities and preferences are
understood and given explicit
consideration in every decision is
critical for the effective operation of the
system and for maintaining community
support for transition.***

Consumer price index of electricity

Quarterly change in consumer price index of electricity prices compared with all prices since September 1980.



Prices at 1980 Q3 are indexed to 100. Chart shows percentage change per quarter of each price group.

Chart: ABC News - Source: [Australian Bureau of Statistics](#)

Our vision for the market

ECA promotes these three advocacy principles as the basis for better consumer outcomes.

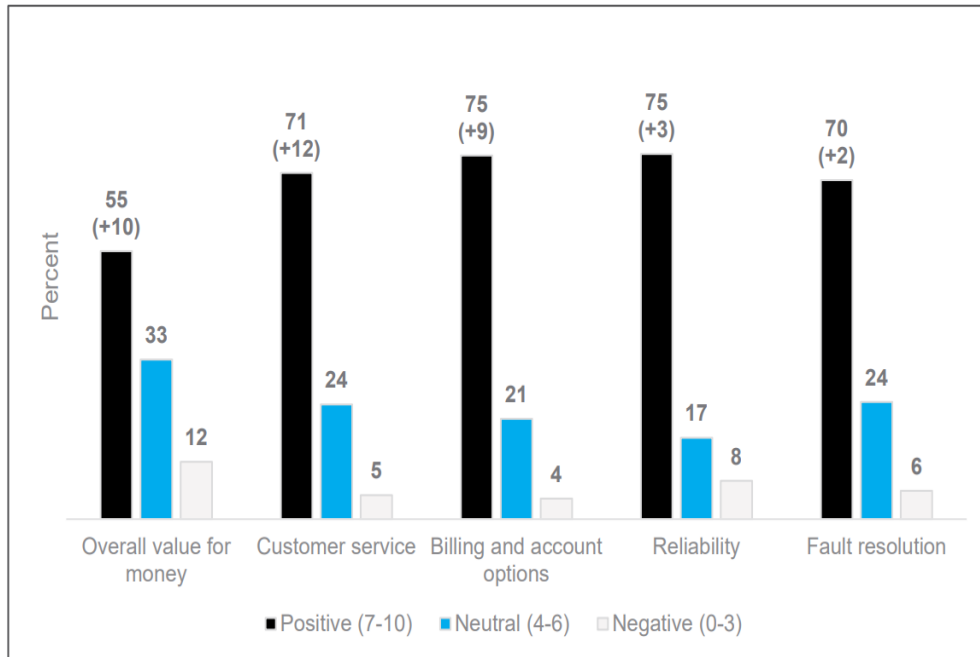


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What consumers are telling us



Satisfaction with electricity



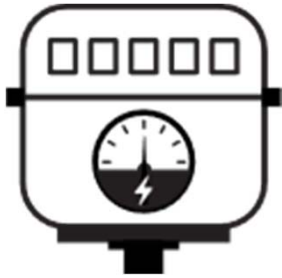
Source: Energy Consumer Sentiment Survey June 2019

AER pre-determination conference – Energy Queensland – October 2019

55%

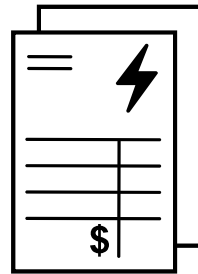
of Queensland households are satisfied with the overall value for money of their electricity service

Household consumer confidence in long-term outcomes



55%

Are confident there will be more reliable services in the future



39%

Are confident of better value for money



48%

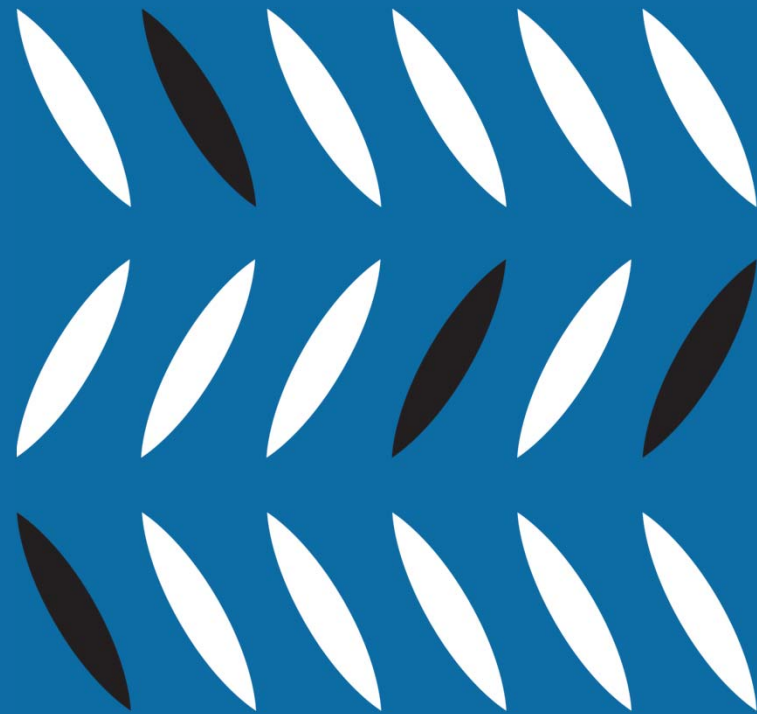
Are confident that future technological advances will improve their ability to manage their energy use and costs



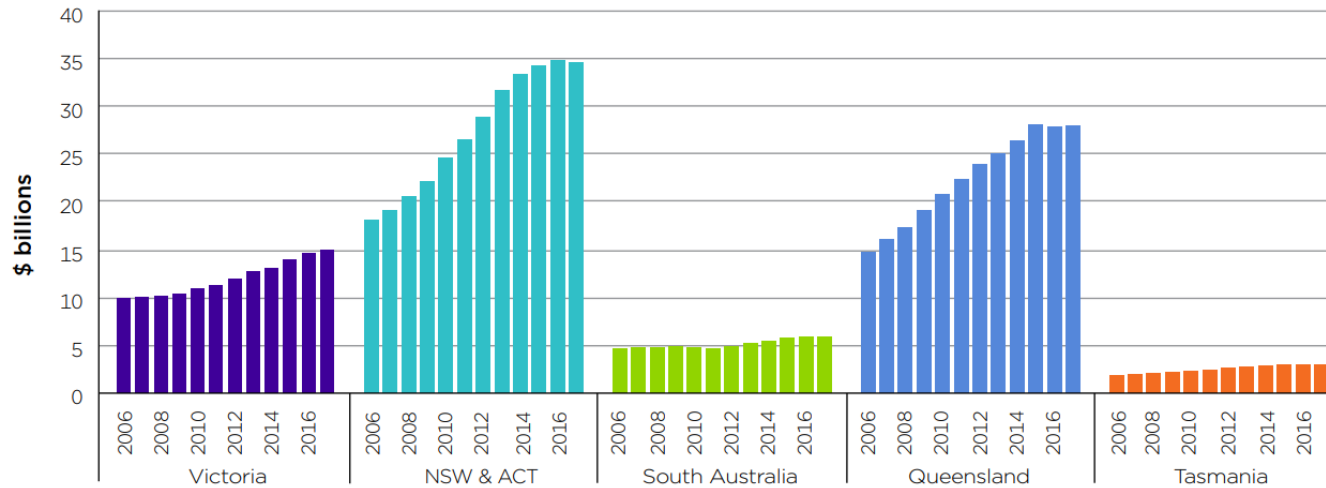
“The latest bill for October was \$6,194, I mean who can afford that? It’s just getting beyond a joke.”

Paul
Small business owner
Mt Isa

3 Evidence gaps



Network investment in Queensland



Customers in those states continue to pay for over-investment in networks, estimated to amount to \$100–\$200 per residential customer per annum. Decisive action is needed to ensure that, despite declining demand, networks continue to efficiently deliver benefits to consumers. Reducing these costs has both efficiency and equity benefits.

Source: ACCC, *Retail Electricity Pricing Inquiry – Final Report*, Figure D

Area of expenditure	Evidence gap	Assurance or reduction
Operating expenditure (opex)	<ul style="list-style-type: none"> • Efficient base year • Maintenance costs. <p>The AER accepted the proposals.</p>	<ul style="list-style-type: none"> • Demonstrate that the Productivity Savings can be achieved.
Replacement capital expenditure (repex)	<ul style="list-style-type: none"> • Replacing more than peers, despite the younger age of the network. • Robust framework to quantify replacement decisions. 	<ul style="list-style-type: none"> • Explain its governance and assurance processes to ensure that <i>“not one more dollar than needed, not one day earlier than necessary”</i> is spent.
ICT capital expenditure	<ul style="list-style-type: none"> • Deliverability • Benefits to consumers • High costs 	<ul style="list-style-type: none"> • Demonstrate how it can achieve the ICT program; • develop a narrative about the benefits its ICT program will deliver for consumers; and • review costs.
Tariff Structure Statement	<ul style="list-style-type: none"> • Complicated tariff designs • Irregular proposal process • Unclear purpose 	<ul style="list-style-type: none"> • Respond to the AER’s guidance; • demonstrate impacts analysis.
Solar Bonus Scheme	<ul style="list-style-type: none"> • Who will fund it? 	<ul style="list-style-type: none"> • Guidance from the Queensland Government on future funding of the Scheme.

4 Where to from here?



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