



Part of Energy Queensland

8 March 2022

Mr Warwick Anderson  
General Manager  
Australian Energy Regulator  
GPO Box 3131  
Canberra, ACT, 2601  
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Dear Mr Anderson

### **Consultation – Export Tariff Guidelines**

Ergon Energy Corporation Limited (Ergon Energy) and Energex Limited (Energex) welcome the opportunity to provide comment to the Australian Energy Regulator (AER) in response to its consultation on the Export Tariff Guidelines (Guidelines). Ergon Energy and Energex are distribution network service providers (DNSPs) in Queensland.

Ergon Energy and Energex maintain these Guidelines should not be prescriptive, but rather provide guidance to DNSPs on how to develop export tariffs that are capable of approval by the AER. This guidance is particularly important for the Queensland DNSPs given that our electricity networks are varied and diverse. It is equally important that the Guidelines do not undermine the principles-based pricing framework under the Rules. This is because the long-term interests of electricity users are best served by continuing to provide DNSPs with the flexibility to work closely with stakeholders to explore tariff reform options that strike an appropriate balance between economic objectives and customer impact considerations.

While Ergon Energy and Energex support the current focus on signalling the long run marginal cost of exports, the Guidelines may need to be reviewed in the future to provide greater flexibility in regard to the treatment of residual costs. This is likely to become an important equity issue for our stakeholders to consider over the long-term. As with all tariff reform, detailed and thorough customer and stakeholder engagement is a critical component of the tariff structure statement process. We believe principles-based Guidelines should allow DNSPs to engage with customers on any aspect of the tariff reform process.

Ergon Energy and Energex also suggest the development of the Guidelines should reflect the corresponding Access, Pricing and Incentive Arrangements for DER rule change (ERC0311). To ensure consistency and avoidance of doubt, it is our view that the Guidelines should primarily be focused on the development of export tariffs for residential and small business customers. It could be argued that DNSPs require less guidance in the development of export tariffs for large customers connected to the higher voltage level of the electricity network. Similarly, these customers are better placed to engage with DNSPs on export tariff structures.

Should the AER require additional information or wish to discuss any aspect of this response, please contact me on [REDACTED] or Laura Males on [REDACTED].

Yours sincerely

[REDACTED]

Charmain Martin  
**Acting Manager Regulation**

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