

# An Overview

## Our Tariff Structure Statement 2020-25

January 2019





## Message from our Chief Executive

“We know that electricity affordability is a critical issue for our customers – both from a cost of living and business competitiveness standpoint.

This has seen us working hard to deliver price reductions through our forward investment plans and develop network tariffs that are cost reflective, simple, fair and equitable.”

David Smales  
Chief Executive Officer

Thank you for your continued interest in how we are reforming our network tariffs from 2020 to 2025, and what that means for our customers' distribution network charges throughout regional Queensland.

As part of our Tariff Structure Statement (TSS) for 2020-25, over the past 18 months we have been engaging directly with our communities, customers and their representatives on our next round of network tariff reforms. The feedback we have received has been invaluable. This latest collaboration also builds on the previous five years of community and customer engagement on network tariffs.

This thoughtful and comprehensive feedback has informed and guided our thinking as we develop our network tariff strategy. This Overview sets out the customer and stakeholder engagement undertaken, what our customers and stakeholders have told us in relation to key tariff issues and an explanation of our proposed network tariffs for the Ergon Energy distribution network area over this forthcoming five-year regulated period, 2020-25.

Whilst our tariff structures are ultimately subject to the review and approval of an independent regulator, the Australian Energy Regulator (AER), it was very important to us that they adequately reflected the views of our customers and stakeholders where possible and that we achieve balanced outcomes for all.

Importantly, our customer and stakeholder engagement on tariff reform does not end with the submission of our TSS to the AER in January 2019. Over the next two years, we will continue to explore new tariff options to achieve the best overall outcomes for all customers and ensure our network tariffs remain relevant into the future. This will include further engaging with our customers and stakeholders during 2019 on network tariff options and the best pathway to successful network tariff reform. Our proposed network tariff options are set out in the Explanatory Notes provided as part of our TSS submission.

I'd like to thank all of our customers and stakeholders who have had input to our network tariff reform engagement and consultation to date. Their contribution and continued interest is vitally important as we look to deliver the right outcomes for not only our customers but also our communities throughout Queensland.

Thank you again for your ongoing contribution to this discussion.

David Smales  
Chief Executive Officer



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In keeping with our commitment to connect respectfully with Aboriginal and Torres Strait Islander peoples and communities, we acknowledge Aboriginal and Torres Strait Islander people as the first people of Australia and the Traditional Custodians of this land and its waters. We pay our respects to Elders past, present and future for they hold the memories, the traditions, the culture and knowledge of Aboriginal Australia.

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# About our Tariff Structure Statement

Ergon Energy is committed to delivering the peace of mind intrinsic to a safe, dependable electricity service. We are seeking to enable greater customer choice and control by way of network tariff options and how the network can be used by customers, all for the best possible price.

To achieve this, we have been thinking forward, and talking to our communities, customers and stakeholders to change the way we charge for the use of the network for the better.

Network tariff reform is necessary because the way our customers are using the network is changing. With this in mind, we have built on work undertaken since our 2017-20 TSS to progress our network tariff reform

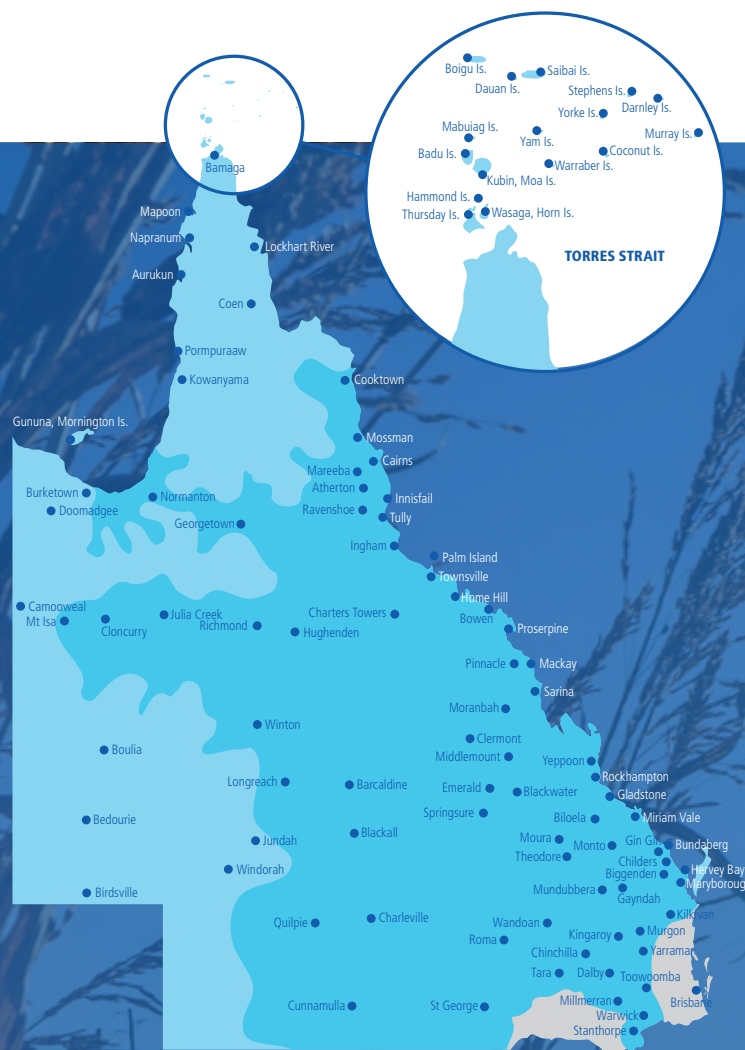
journey, and we are very much aware we must continue to meet everyone's needs into the future to achieve a more affordable price with fairer, more equitable pricing signals. We want to give our customers the opportunity to save, in a way that reduces the cost of supplying energy for everyone.

Today, we have a greater appreciation of how we can structure our charges so they better reflect what drives our costs as a network provider and we are reforming our network tariff structures to better align with these costs.

This means real savings can now be offered when the network is not being used to its full capacity, and that we are better placed to charge appropriate, 'cost-reflective' rates. As augmentation is no longer the main

driver for network investment, in the 2020-25 regulatory control period, we believe asset replacement will become the main driver of network investment. We are also aware of the changing energy landscape and impacts of high levels of solar uptake and emerging technologies on the demand presenting to the network.

This document provides an overview of the reform journey to date and the proposed new tariff structures we plan to introduce from 1 July 2020 to help us deliver better tariff outcomes and greater choice and control for our customers. It provides an introduction to our TSS, which covers our tariffs from 2020-25. The TSS, and its accompanying Explanatory Notes, are available on [talkingenergy.com.au](https://talkingenergy.com.au)



## Who we are

We are proudly part of the Energy Queensland Group, a Queensland Government owned organisation, and together we strive to deliver on our vision to energise Queensland communities. As Energex and Ergon Energy, our role is to operate the distribution networks across Queensland. While we are one of several electricity distribution network service providers (DNSPs) in Australia, our operating environment differs somewhat due to:

- A high probability of extreme weather and extended storm seasons
- Stringent vegetation management requirements
- Extensive sub transmission network, and
- High rates of uptake of photovoltaic (PV) solar systems.

Our charges for the use of the electricity networks in Queensland are passed on to customers through electricity retailers and make up about a third of customers' electricity bills. Other bill components include generation, transmission and retail costs.

This document is only concerned with the network tariffs for the electricity distribution services provided by Ergon Energy in our service area that is regulated by the AER.

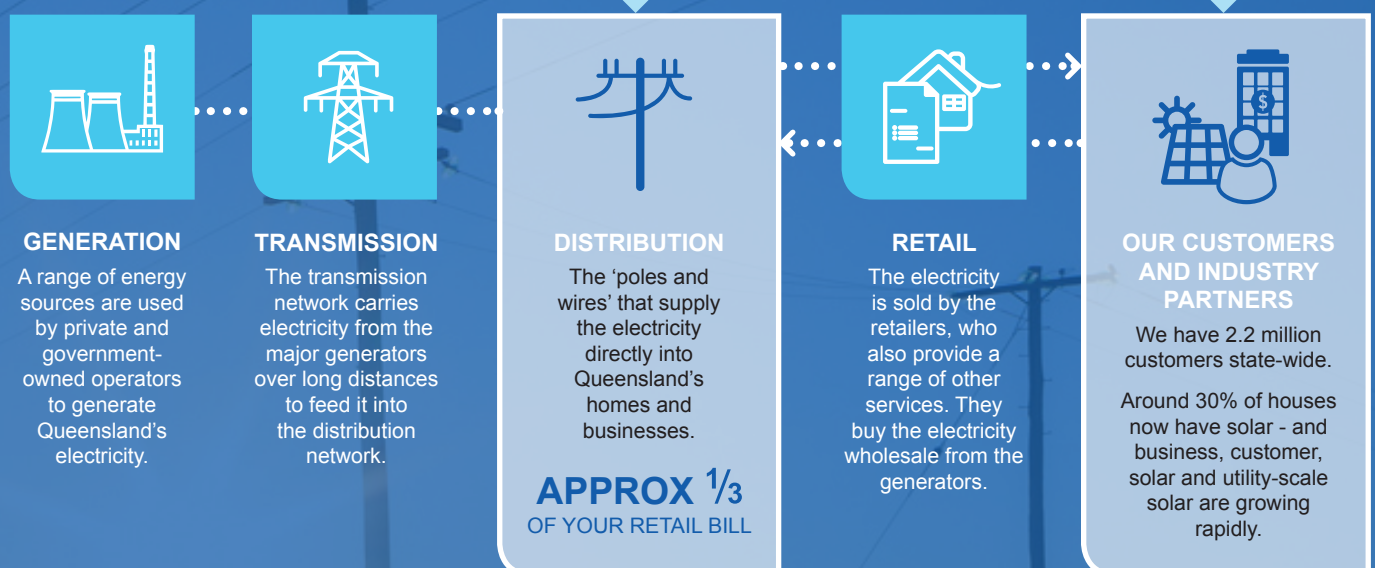
Ergon Energy operates an electricity distribution network covering 97 per cent of the geographic area of Queensland, which comprises the 'poles and wires' that deliver electricity in a safe and reliable manner to homes and businesses:

- About 70 per cent of our electricity network runs through rural Queensland, typically with large distances between communities.

- We provide electricity distribution services to over 750,000 customers
- The bulk of the electricity we distribute is carried across large distances by Powerlink to our connection points, because base-load generation is located remotely. However, increasingly we also connect and support distributed generation, such as solar PV and embedded generators, and
- Electricity retailers issue customers electricity bills and they pay us for our distribution services.

Excluding our isolated networks, Ergon Energy has three distinct tariff zones being East, West and Mount Isa. While separate tariffs for each zone have been provided in our TSS, we refer to Ergon Energy as a whole in terms of network tariff strategy.

## The electricity industry



## How we've engaged

Each year the Queensland Competition Authority (QCA) determines regulated retail electricity tariffs, the 'notified prices' that Ergon Energy Retail charges customers in regional Queensland. The impact of our network tariffs on the regulated retail prices varies for each customer group. For the majority of customers, the retail bill is subsidised by the Queensland Government in line with the Uniform Tariff Policy. This policy, and the associated Community Service Obligation payments ensures that Queenslanders generally have access to the same cost of electricity, regardless of where they live.

For residential and small to medium business customers, who use less than 100MWh of electricity a year, the Uniform Tariff Policy generally requires regulated retail tariffs to reflect network charges in Queensland's south-east. However, our reforms are helping to introduce greater choice for this group. For businesses using more than 100MWh of electricity a year, Ergon Energy's network tariffs are typically passed through into the regulated retail prices. However, there are exceptions, including some of our recent reforms. The impact of Ergon Energy's network tariffs also depends on whether a customer is on the Queensland Government's regulated retail prices or on a contract with a competitive retailer. For customers on a 'market contract', their retailer will determine how they pass on our network tariff structures.

Ergon Energy acknowledges the time and resources invested by a diverse range of our customers and other stakeholders who have participated in our engagement program and helped shape the development of our TSS. Their contribution has helped guide both the network tariff reforms progressed to date and those now detailed in our TSS.

When we first began to consider our network tariff reforms, we recognised the potential for impacts on our customers and other stakeholders, and acknowledged the important contribution that their insights could make towards the development of our reform pathway.

We have been actively listening to our community stakeholders, our different customer segments, and our industry partners to better understand what really matters to them as we prepared our TSS. We have been listening to feedback even before we prepared our 2017-20 TSS submission, and we have continued this process of genuine consultation throughout 2018.

Our engagement program included:

- TSS customer and stakeholder Working Group sessions
- Webinars
- Consultation and technical briefs
- Industry Forums
- Customer Forums by segment
- Regional Community Leader Forums
- Individual one-on-one stakeholder meetings
- Qualitative and quantitative residential and business customer research
- Online engagement and communication through our bespoke Talking Energy engagement platform - [www.talkingenergy.com.au](http://www.talkingenergy.com.au), and
- Business as usual engagement activities conducted by senior employees throughout Queensland.

This engagement also included the AER, Energy Networks Australia, the Energy Consumers Association, various energy retailers, Queensland Government agencies and Powerlink Queensland.

A snapshot of the extent of our engagement, which coincided with the consultation process for our Regulatory Proposal, is shown in the diagram on the opposite page.

The specific details of our TSS engagement program and related activity can be found in our *Tariff Structure Statement 2020-25 Engagement Summary Report* available at [www.talkingenergy.com.au](http://www.talkingenergy.com.au)

### Further consultation opportunity

The development of our TSS has coincided with a period of change in both the role of the network and the investment drivers it faces.

Over the last two regulatory control periods, network investment has primarily been driven by peak demand. Stakeholder feedback has noted how the role of the network is changing from a traditional deliverer of energy to an enabler of an ecosystem of distributed energy resources (DER). In response to this feedback new tariff options have been outlined that may be more aligned with these emerging network characteristics.

Ergon Energy acknowledges that stakeholder engagement does not stop with the submission of the TSS on 31 January 2019. Our TSS Explanatory Notes present potential tariff alternatives and associated pathways toward capacity tariffs to those submitted in the TSS which we would like customers and stakeholders to consider.

We anticipate that, as part of the AER's TSS consultation process, customers will be provided with further opportunity to provide comments on the various intermediate tariff options detailed in our TSS Explanatory Notes.







## INDUSTRY PARTNERS

We listened to 2,600+ of our industry partners

**Real Estate Developer Forum**  
2 sessions held

**Electrical Contractor Forum**  
12 sessions held

**Energy Retailer Forum**  
2 sessions held

**Voice of the Customer program**  
1,500 service surveys annually

We also receive over half a million customer calls annually, as well as countless other service interactions



## END USE CUSTOMERS

We listened to 19,400+ of our end use customers and their representatives

**Customer Council**  
4 sessions held

**Regulatory Proposal -  
Tariff Structure Statement  
Working Group**  
11 sessions held

**Tariff Webinars**  
10 hosted

**Major Customer Forum**  
2 sessions held

**Agriculture Forum**  
3 sessions held

**Voice of the Customer program**  
10,500 service surveys annually

### Independent Research

**Residential deliberative forums**  
4 sessions held

**Business focus groups**  
10 sessions held

**Qualitative phone interviews  
including Western Zone**  
38 sessions held

**Digitally excluded focus groups**  
2 sessions held

**Quantitative residential and  
business online surveys**  
2,891 surveys

**Annual Queensland Household  
Energy Surveys**  
4,957 surveys



## COMMUNITY STAKEHOLDERS

We listened to 2,500+ of our community stakeholders

**Stakeholder Engagement**  
5+ Board networking events

**Talking Energy**  
2,000+ engaged online

**Community Leader Forums**  
5 sessions held

**Mini/Follow Up Community  
Leader Forums**  
7 sessions held

**Our Draft Plans Webinar**  
1 hosted

**Local Council and  
MP engagements**  
90+ council visits

**Public Lighting Forum**  
8 sessions held

## What we've heard

Through our customer engagement and market research we have heard that overall, our customers want more affordable network tariff options while maintaining current standards of network reliability and future network investment that delivers sustainability in terms of renewables and energy management.

We've heard that our customers want to be informed and enabled and for us to evolve our network tariffs to cater for their changing needs into the future. Customers want us to introduce network tariffs that they can understand and that provide them with

network tariff choices to better enable retailers and customers to select a network tariff that best suits their lifestyle/business needs.

A snapshot of the key feedback themes is captured below against our customer commitments.

Underpinning all of these themes was a clear message from customers and stakeholders that network tariffs need to be simple, transparent and flexible, and that network tariffs should support greater levels of customer choice and control. These key themes and messages form the pillars of our TSS.

## Tariff Reform

Many of our existing legacy tariffs were developed in the early 1990s in a period without widespread proliferation of rooftop solar, minimal air-conditioning or electric vehicles. As such, many of our customers had similar energy needs allowing us to provide generic tariffs to recover our network supply costs.

Large scale uptake of energy intensive appliances and new technology to supplement or alter access to energy means that our current tariffs no longer support a fair and equitable allocation of network costs. Indeed, cross subsidies between customers have started to appear across the network challenging us to develop a suite of new tariffs to maintain our commitment to safety, affordability, security and sustainability for all customers.

Our new tariffs introduce a series of demand based tariffs for our residential and small business customers to remain current with industry standards. However, our ongoing customer feedback has told us that customers are unfamiliar with demand based tariffs. To assist our customers, these demand elements have been packaged into a volume usage within a defined daily summer time period or summer peak window. Additionally, for these new network tariffs we'll be asking customers to select a level (or band) of energy used within this window (as a proxy for demand) via their retailer

The introduction of our Tariff, Education, Dynamic Incentives, Information (TEDI) program will support customers to take these first steps to demand based tariffs throughout the regulatory control period with a goal to migrate to more pure demand based (or capacity based) tariffs in future regulatory submissions.

### SAFETY FIRST

Our number one priority is safety – our commitment is to the people and communities who we work with and support every day. We aspire to be an industry leader in health, safety, environment and cultural heritage.

### AFFORDABILITY

- Deliver lower bills now
- Move to sustainable pricing structures for the future
- Build trust and transparency in how we minimise our costs
- Minimise cross subsidies for fairness
- Provide social equity

### SECURITY

- Keep the lights on
- Restore power in emergencies
- Provide timely, affordable and easy network connections

### SUSTAINABILITY

- Facilitate energy transformation and customer choice
- Facilitate renewables
- Facilitate energy efficiency
- Keep customers informed



# What's new

## Introduction of New Tariffs

Our TSS introduces a new suite of cost reflective 'opt-in' network tariff options for our residential, small business, large business and commercial customers that have a digital meter installed. This suite of tariffs is a crucial step in our commitment to network tariff reform while managing customer bill impact – all while providing customers with choice in how they pay for their usage of our network.

A full list of our tariffs and charging elements are available in our TSS, however a summary of our new network tariffs is set out below.

A key feature of this suite of network tariffs is the ability for customers to

nominate a band of usage through summer which we've called the summer peak window. This provides customers more choice in how they pay for their usage of the network, and importantly, it gives customers greater control of their electricity bills. Our TSS describes the summer peak window in detail and how it differs for our different customer segments. For our residential customers, it defines peak afternoon/evening hours for each day through select summer months.

Customers can choose one of up to seven bands that best represent their usage of the network in the summer peak window. Each band provides customers with access to a nominated maximum usage amount in kWh (or kVA for a half hour period for our

business customers) for a specified period each day in the summer peak window.

Whilst these network tariffs are in essence cost reflective demand tariffs, for residential and small business customers we have expressed the charging parameters in a more familiar way, that is, in terms of energy consumption within the summer peak window. This is directly as a result of our customer engagement, which told us that many customers are uncomfortable with demand-based tariff terminology.

For each of our customer segments, we have defined the bands of the new tariff suite as follows:

Seasonal Tariff	Existing Tariff
Lifestyle Package	Residential IBT*
Small Business Package	Business IBT
Business Medium Package	Demand Small Demand Medium
Business Large Package	Demand Large
Commercial Package	Connection Asset Customer tariffs

\* Inclining Block Tariff

Band	Residential (kWh)	Small Business (kWh)	Business Medium (kVA)	Business Large (kVA)
1	0	0	20	250
2	5	10	40	300
3	10	20	60	350
4	15	30	80	400
5	20	40	110	450
6	-	60	150	500
7	-	120	200	600

**Note:** bands for residential and small business describe usage within the peak hours during the defined summer peak window. For Business Medium and Business Large, kVA relates to the peak half hour demand for each month in the summer peak window.

If a customer were to exceed their nominated usage band amount during the summer peak window, we will charge a top-up amount for that highest daily exceedance in the month. The top up amount can be avoided by moving to a higher nominated usage band or by generally reducing energy consumption during the summer peak window – the choice lies with the customer.

Choice is clearly a defining feature of these network tariffs, and the tariff structure allows customers to choose a usage band that works best for their lifestyle, technology preferences or business purpose. A customer who can shift some or all of their energy usage out of the summer peak window might choose a lower usage band and therefore be rewarded with a lower bill. Other customers might choose a higher usage band for greater bill certainty and be rewarded by avoiding the top-up charge.

### **Transition to Cost Reflective Tariffs and a Capacity Based Tariff Future**

We are seeking to introduce new tariffs from 1 July 2020. However we appreciate that some customers may depend heavily on their retailer to provide assistance to select a suitable band and how best to manage their

summer peak window usage. We also note that the future of network tariffs is likely to be capacity based. Capacity tariffs are based on the premise that peak demand driving upstream network augmentation investment will become a lesser priority over time as customers continue to invest in distributed energy resources and both customers and the network businesses access affordable and smarter technology. Under this scenario, Ergon Energy's focus would be to provide adequate capacity rather than facing upstream network peak driven constraints.

To ensure our network tariffs remain relevant into the future, we need to start considering the future network tariff structures that will be required to meet the evolving needs and expectations of our customers. As such, we are seeking to explore 'intermediate' tariff options and dynamic response tariff options for the 2020-25 regulatory control period as we evolve our network tariffs towards this future state. Our TSS Explanatory Notes, which accompany our TSS, provides an overview of how we view the future of network tariffs. It also seeks ongoing customer feedback to help us shape our tariff strategy. Please refer to our TSS Explanatory Notes on how we propose to move towards capacity based tariff structures in the future.

We are committed to assisting customers where possible to transition to this cost reflective capacity based tariff future, including support through our TEDI programs. We welcome feedback through the AER consultation processes on our intermediate tariff options and the transition pathways which will form part of the customer journey.

### **Metering Needs**

Our new suite of tariffs provides customers with greater choice to manage their annual network bill. However, this choice depends on suitable communications enabled 'smart' meters to access the network tariffs. These meters are capable of capturing not just the total energy used, but also provide information required to measure demand and support the choice and control features of the new network tariffs.

For our larger business customers, metering for tariffs of this nature have been introduced over the last several years. However, there is still much work to do in this area for residential and small business customers. Retailers have already commenced the roll out of smart meters and customers should speak with their retailers regarding their meter options



## Tariff, Education, Dynamic Incentives, Information (TEDI)

Ergon Energy believes our network tariff reforms should be delivered within a framework where network tariffs are supported by customer education, dynamic incentives and greater levels of information. This is what we call the 'TEDI Framework', or TEDI for short. A critical part of TEDI is the tools that need to be developed to support customers. One aspect of network tariff reform that is important to Ergon Energy is the ability to manage customer impacts and TEDI will play a critical role by providing customers with greater levels of information and education to better manage their electricity use and hence their bills.

Another key aspect of TEDI is the introduction of network tariff trials. Tariff trials play a critical role in the refinement of our network tariff reforms by informing both us and customers of the education and information necessary to support network tariff reform. Dynamic incentives may also be deployed under this framework including the option of locational incentives as part of demand management programs.

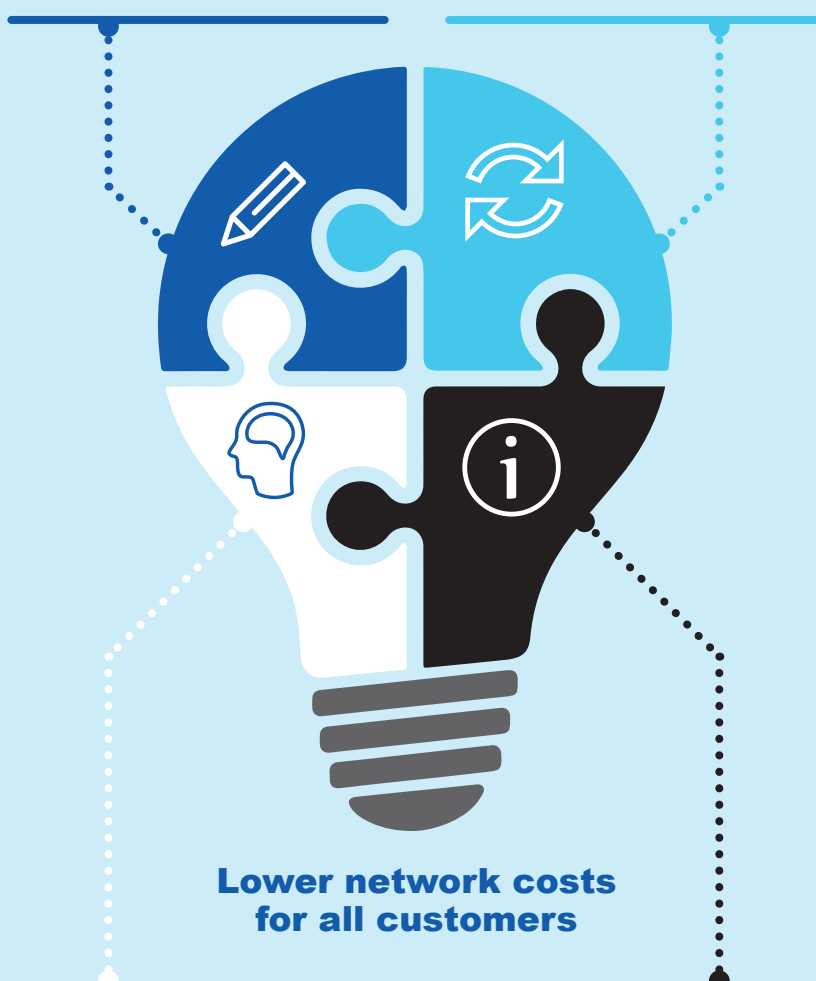
## Tariff, Education, Dynamic Incentives, Information

### Tariffs (charges and plans)

- Tariffs that underpin retail products which enable customer choice and control
- Tariffs that limit cross subsidy
- Network charges are understandable by customer and stable in the future, and
- Network charges that incentivise customers to minimise network infrastructure impacts and thereby optimise its use and future cost.

### Dynamic Incentives

- A combination of load control, and locational demand management programs
- Satisfy AER expectations on locational pricing, and
- Enable transition to generation supply charging, distribution level energy markets and peer to peer arrangements.



### Education

- Educating customers through multiple and relevant channels
- Leverage social marketing based on customer research outcomes, and
- Development of customer decision tools and apps - simple to use that align to alternative network tariff options that can be distributed by retailers.

### Information

- Information to enable customer solution deployment
- Information that informs customers' investment decisions
- Delivered in relevant and understandable genre, and
- Enable extraction of value of smart meters and other DER technologies (including energy efficiency options).





# Our Proposed Network Tariffs

We currently offer a range of network tariff options to customers. Our existing network tariffs primarily consist of a fixed and variable component for residential and small business customers, as well as a number of existing demand-based

network tariffs. We are looking to retain most of these existing network tariffs in our TSS with customers progressively migrating to our proposed new network tariffs during this period.

We present below a summary of the network tariff options proposed for each customer segment in our TSS.

## Residential Network Tariffs

### Legacy Tariffs<sup>1</sup>

<b>IBT Residential</b>	Fixed charge per day and three energy consumption blocks, each with a different energy (volume) charge applicable
<b>Seasonal Time of Use Energy Residential</b>	Structured with a fixed charge per day and an energy (volume) charge which includes seasonal, day of week and time-of-day dimensions
<b>Seasonal Time of Use Demand Residential</b>	Monthly demand charges, for both summer and non-summer with an any time energy (volume) charge
<b>Controlled load</b>	Single volume charge – all consumption

### Introduced Tariffs<sup>2</sup>

<b>Lifestyle Package</b>	Residential Seasonal Time of Use Tariff incorporates option to smooth seasonal peak charges included in the TSS
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### Proposed Intermediate Tariffs<sup>3</sup>

<b>Intermediate Tiered – Residential</b>	Tiered daily fixed charges, single energy rate for all tiers included in the TSS Explanatory Notes for consultation in 2019, demand and energy versions being developed
<b>Intermediate Capacity – Residential</b>	Daily fixed charge, single capacity charge, day and night energy rates included in the TSS Explanatory Notes for consultation in 2019, basic meter and digital meter versions being developed

## Small Business Network Tariffs

### Legacy Tariffs<sup>1</sup>

<b>IBT Small Business</b>	Fixed charge per day and three energy consumption blocks, each with a different energy (volume) charge applicable
<b>Seasonal Time of Use Energy Business</b>	Structured with a fixed charge per day and an energy (volume) charge which includes seasonal, day of week and time-of-day dimensions
<b>Seasonal Time of Use Demand Small Business</b>	Monthly demand charges, for both summer and non-summer with an any time energy (volume) charge

### Introduced Tariffs<sup>2</sup>

<b>Small Business Package</b>	Non - Residential <100MWh per annum Seasonal Time of Use tariff incorporates option to smooth seasonal peak charges
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### Proposed Intermediate Tariffs<sup>3</sup>

<b>Intermediate Tiered – Small Business</b>	Tiered daily fixed charges, single energy rate for all tiers included in the TSS Explanatory Notes for consultation in 2019, demand and energy versions being developed
<b>Intermediate Capacity – Small Business</b>	Daily fixed charge, single capacity charge, day and night energy rates included in the TSS Explanatory Notes for consultation in 2019, basic meter and digital meter versions being developed
<b>Intermediate Dynamic Response – Small Business</b>	Daily fixed charge, single usage charge included in the TSS Explanatory Notes for consultation in 2019

## Business Network Tariffs

### Legacy Tariffs<sup>1</sup>

<b>Demand Small</b>	Daily fixed charge, single energy rate for all consumption and monthly kW demand charge
<b>Demand Medium</b>	Daily fixed charge, single energy rate for all consumption and monthly kW demand charge
<b>Demand Large</b>	Daily fixed charge, single energy rate for all consumption and monthly kW demand charge
<b>Unmetered supplies</b>	Single volume charge – all consumption

### Introduced Tariffs<sup>2</sup>

<b>Business Medium Package</b>	Business >100MWh per annum Seasonal Time of Use tariff incorporates scope to partially smooth seasonal peak charges
<b>Business Large Package</b>	Business >500 kVA maximum Seasonal Time of Use tariff incorporates scope to smooth seasonal peak charges

## Connection Asset Customer (CAC) Network Tariffs

### Legacy Tariffs<sup>1</sup>

<b>CAC 66kV</b>	This tariff will only be available to existing CAC customers connected at 66kV.
<b>CAC 33kV</b>	This tariff will only be available to existing CAC customers connected at 33kV.
<b>CAC 22/11kV Bus</b>	This tariff will only be available to existing CAC customers connected at a 22/11kV Bus.
<b>CAC 22/11kV Line</b>	This tariff will only be available to existing CAC customers connected at a 22/11kV Line.

### Introduced Tariffs<sup>2</sup>

<b>Commercial Package Line</b>	This tariff is available to customers with a network coupling point at an 11kV Line
<b>Commercial Package Bus</b>	This tariff is available to customers with a network coupling point at an 11kV Bus

## Individually Calculated Customer (ICC) Network Tariffs

### Legacy Tariffs<sup>1</sup>

Customers in the ICC tariff class are assigned to this tariff

1. Legacy network tariffs for all user groups are outlined on the Ergon Energy website

2. Further information on the introduced network tariffs is provided in the Ergon Energy TSS

3. Further information on the proposed intermediate network tariff options is provided in the TSS Explanatory Notes accompanying the Ergon Energy 2020-25 TSS

## Customer Impact

In direct response to clear feedback received around the impact of retail electricity prices on the cost of living, Ergon Energy's Regulatory Proposal will deliver a 9.44% real reduction in revenue from 2019-20 to 2020-21. This translates into a 4.5% real reduction in distribution network charges for our residential customers from 2019-20 to 2020-21 on their existing residential network tariff.

For the average small business customer, in order to help address the impact of price rises on business competitiveness, we will deliver a 4.5% real reduction from 2019-20 to 2020-21. The Ergon Energy legacy tariffs (which are the existing default tariffs) are Inclining Block Tariff Residential and Inclining Block Tariff Small Business. This does not account for jurisdictional schemes which may factor into total network charges<sup>4</sup>. Customers may see further savings should they choose to opt-in to one of our new network tariffs, some of which may require a digital meter.

An average residential customer in Ergon Energy's region is a household who consumes 5,000kWh of energy per annum. Similarly an average small business customer in regional Queensland is a small business who consumes around 7,500kWh of energy per annum. These reductions in the cost of using our network are in addition to recent reductions delivered during this regulatory control period.

Under the Uniform Tariff Policy, the Queensland Government supports regional Queensland by subsidising any difference through Community Service Obligation (CSO) payments to ensure they pay similar prices for their electricity as customers in South East Queensland.

We are continuing to receive ongoing feedback on our default tariff strategy and may consider selecting a new intermediate tariff as an alternative default tariff upon customer feedback.

## How to stay involved

This Overview is an introduction to Ergon Energy's TSS. Ergon Energy's detailed methodology for determining network tariff structures and indicative rates over the period to 2025 can be found in the Ergon Energy Tariff Structure Statement 2020-25 available at [www.talkingenergy.com.au](http://www.talkingenergy.com.au)

Our network tariff reform has been informed by an extensive engagement program. We trust we have shown we are listening, and provided you, our customers

and stakeholders with a better understanding of how our network tariffs are structured and charged.

We encourage you to participate in the AER consultation processes as they commence consultation on and assessment of our TSS throughout 2019.

You can also provide your feedback directly to us by email through [tariffs@energyq.com.au](mailto:tariffs@energyq.com.au) or our website at [www.talkingenergy.com.au](http://www.talkingenergy.com.au)

<sup>4</sup> Total network charges comprise distribution network charges, transmission network charges and jurisdictional schemes.



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