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ELECTRICITY TARIFF ADJUSTMENT SCHEME

This Gazette notice outlines transitional assistance available via the Electricity Tariff Adjustment Scheme (ETAS) for businesses supplied by Ergon Energy Queensland Pty Ltd (Ergon Energy Retail) that face a significant increase in electricity charges when switching a National Meter Identifier (NMI) from an obsolete retail tariff to a standard retail tariff, based on regulated retail electricity prices (notified prices) set by the Queensland Competition Authority (QCA).

Assistance via ETAS is in the form of transition rebates applied to Ergon Energy Retail electricity bills. Transition rebates are individually tailored to each customer, based on an assessment of the annual increase in electricity charges each customer incurs. Annual amounts of transition rebates are calculated at the commencement of the Scheme and reduce each year, over a maximum of nine years, from 1 July 2021 to 30 June 2030.

Customer applications for assistance under ETAS are not required.

Eligibility

To be eligible for ETAS, a NMI must be:

- held by a customer of Ergon Energy Retail and have one or more of the following obsolete retail tariffs – Tariff 20 (Large), 21, 22 (Large), 37, 47, 48, 62, 65 and 66 – as at 1 January 2021; and
- assessed by Ergon Energy Retail as facing an increase in annual electricity charges of more than 5 per cent and \$500 for that NMI when transitioning from an obsolete retail tariff to a standard retail tariff.

A customer continues to be eligible for ETAS even when receiving other electricity rebates or concessions, such as via the Drought Relief from Electricity Charges Scheme (DRECS).

A NMI is not eligible or will no longer be eligible for ETAS if the customer:

- is an Australian or State Government entity, including a government-owned corporation;
- is no longer a customer of Ergon Energy Retail;
- no longer holds the account for the NMI;
- switches the NMI to one of the limited-access obsolete retail Tariffs 62A, 65A and 66A; or

- switches the NMI to a QCA regulated retail tariff based on a transitional ‘non-standard’ Individually Calculated Customer network tariff option (as per Appendix A of the Australian Energy Regulator approved Ergon Energy Corporation Limited Tariff Structure Statement for 2020-25).

Assessing electricity bill impacts

To determine whether a NMI incurs an increase in annual electricity bill of more than 5 per cent and \$500 when switching from an obsolete retail tariff to a standard retail tariff, Ergon Energy Retail calculates the difference between an annual baseline obsolete tariff charges and an annual baseline standard tariff charge for the customer’s NMI, where the:

- baseline annual obsolete tariff charge uses the NMI’s obsolete retail tariff and its notified prices in QCA’s Final Determination for Regulated Retail Electricity Prices for 2020-21; and
- baseline annual standard tariff charge uses the standard retail tariff and its notified prices in the QCA’s Final Determination for Regulated Retail Electricity Prices for 2021-22 that provides the NMI the lowest annual charge, excluding controlled load tariffs and based on the capabilities of the NMI’s meter.

The NMI’s usage profile used to calculate these two annual baseline charges is based on the 2020-21 financial year or closest annual billing cycle.

For large NMIs with digital meters, Ergon Energy Retail uses actual kilo-volt-ampere (kVa) billing data as the basis for its baseline annual standard tariff bill. Where there is insufficient kVa billing data available, Ergon Energy Retail uses kilowatt hour (kW) billing data.

The value of assistance via DRECS a customer’s NMI receives is excluded from Ergon Energy Retail’s ETAS assessment.

Before 1 January 2022, a customer can request that Ergon Energy Retail reassess the usage profile used in the baseline calculations for ETAS, if the NMI’s usage was at least 15 per cent lower during 2020-21 compared to the annual usage of the previous 2 years or closest billing cycles. If Ergon Energy Retail confirms this lower usage during 2020-21, it revises its assessment based on the financial year or closest annual billing cycle with the highest usage during the 2018-21 period. Revised assessments for large customers must also be based on actual metered demand.

From the date of a request, Ergon Energy Retail has 45 calendar days to respond to the customer with its decision, or longer if agreed between Ergon Energy Retail and the customer.

Calculating amounts of annual transition rebate

Due to the resulting unavailability of obsolete retail tariff prices once the relevant tariffs are extinguished, the amount of transition rebate a customer receives each year is calculated as follows for the impacted NMI:

- Year 1: baseline standard tariff charge – (baseline obsolete tariff charge x 1.05), where (baseline obsolete tariff charge x 1.05) = Year 1 obsolete tariff charge
- Year 2: baseline standard tariff charge – (Year 1 obsolete tariff charge x 1.05), where (Year 1 obsolete tariff charges x 1.05) = Year 2 obsolete tariff charge
- Year 3: baseline standard tariff charge – (Year 2 obsolete tariff charge x 1.05), where (Year 2 obsolete tariff charges x 1.05) = Year 3 obsolete tariff charge
- Year 4: baseline standard tariff charge – (Year 3 obsolete tariff charge x 1.05), where (Year 3 obsolete tariff charges x 1.05) = Year 4 obsolete tariff charge
- Year 5: baseline standard tariff charge – (Year 4 obsolete tariff charge x 1.05), where (Year 4 obsolete tariff charge x 1.05) = Year 5 obsolete tariff charge

- Year 6: baseline standard tariff charge – (Year 5 obsolete tariff charge x 1.05), where (Year 5 obsolete tariff charge x 1.05) = Year 6 obsolete tariff charge
- Year 7: baseline standard tariff charge – (Year 6 obsolete tariff charge x 1.05), where (Year 6 obsolete tariff charge x 1.05) = Year 7 obsolete tariff charge
- Year 8: baseline standard tariff charge – (Year 7 obsolete tariff charge x 1.05), where (Year 7 obsolete tariff charge x 1.05) = Year 8 obsolete tariff charge
- Year 9: baseline standard tariff charge – (Year 8 obsolete tariff charge x 1.05)

If, after Year 1 of ETAS, the annual transition rebate for an eligible NMI falls below \$500, the customer does not receive that year's transition rebate and exits the Scheme permanently.

For example, Ergon Energy Retail assesses a customer's NMI as having a \$10,000 baseline obsolete tariff charge and a \$15,000 baseline standard tariff charge. Based on annual 5 per cent increases in this baseline obsolete tariff charge, the customer receives transition rebates totalling \$4,500 in Year 1, \$3,975 in Year 2, \$3,424 in Year 3, and so on until Year 8, when the annual amount of transition rebate falls below \$500 and the customer exits the Scheme permanently (as per the table below).

Annual Transition Rebate for example customer on ETAS										
	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
2020-21 Obsolete Tariff Bill	\$10,000	\$10,500	\$11,025	\$11,576	\$12,155	\$12,763	\$13,401	\$14,071	\$14,775	\$15,513
2021-22 Standard Tariff Bill (using 2020-21 consumption data)	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000
Transition Rebate	\$0	\$4,500	\$3,975	\$3,424	\$2,845	\$2,237	\$1,599	\$929	\$0*	\$0
*When the Transition Rebate declines below \$500 after Year 1, the customer permanently exits the Scheme										

If a NMI eligible for ETAS switched to a standard retail tariff prior to the date their obsolete retail tariff was extinguished, there is no backdated transition rebate for the relevant period prior to 1 July 2021.

NMIs on obsolete retail Tariffs 47 and 48 are assessed as per the methodologies for other connections. If these NMIs are eligible, they receive their first annual transition rebate in Year 2 of ETAS, following the phase out of Tariffs 47 and 48 on 30 June 2022. These NMIs do not receive annual transition rebates after Year 9 of ETAS, despite entering the Scheme a year later than other customers.

Ergon Energy Retail's assessment of electricity bills' impacts and calculation of annual transition rebates excludes GST.

Provision of transition rebates

The amount of annual transition rebate is divided into daily amounts and prorated as credit across the electricity bills the customer receives during the annual billing cycle of their account.

Where there is a delay in providing a customer with transition rebates after 1 July 2021, or a revision in the transition rebate amount, the full amount of transition rebate not provided to the customer during the delay is included as credit on the first electricity bill the customer receives, after Ergon Energy Retail determines the customer's ETAS eligibility and annual transition rebate.

Where a customer is eligible for both DRECS and ETAS, the customer receives the full benefit of the DRECS waiver and if the ETAS rebate is greater than the DRECS waiver, the difference shall be applied under ETAS, including for any backdating of DRECS.

Transition rebates exclude GST and are applied against the amount billed under the applicable retail tariff excluding GST, for the retail services provided to the customer in the billing period to which the rebate relates.

