

Regulated electricity prices for regional Queensland 2026-27

Report to QCOSS on the QCA's final determination

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Section 1

Overview

Regulated electricity prices for regional Queensland 2026-27

Overview

- **Etrog Consulting has been advising QCOSS since January 2026 in regard to the determination by the Queensland Competition Authority (QCA) of regulated electricity prices for regional Queensland 2026-27, funded through a grant from Energy Consumers Australia.**
- **This presentation-style report analyses the QCA's final determination (5 June 2026) as compared to QCOSS / Etrog Consulting advocacy to the QCA's draft determination (27 March 2026).**
- **This is the sixth and final deliverable from Etrog Consulting. It marks completion of this project, enabling QCOSS acquittal of the ECA grant.**
- **Previous Etrog Consulting deliverables included**
 - Two workshops at which Etrog Consulting presented to the QCOSS Essential Services Consultative Group (ESCG) (January and April 2026)
 - An Etrog Consulting presentation to the second workshop (noting that QCOSS wrote the presentation to the first workshop)
 - Two Etrog Consulting reports submitted to QCA by QCOSS (February and April 2026).

Section 2

Advocacy to QCA's draft determination and QCA responses

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Advocacy to the QCA's draft determination and QCA responses

Etrog Consulting advocated to QCA's draft determination in the following areas. Each of these is considered in turn on the following slides.

- **Solar Sharer Offer (SSO)**
- **Electric Vehicle (EV) tariffs**
- **Standing Offer Adjustment (SOA)**
- **Default Market Offer (DMO) comparison**
- **Using DMO prices in the Ergon Energy area**
- **Retail costs update**
- **Comparison of actual prices in the Ergon Area vs the Energex area**

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Advocacy to the QCA's draft determination and QCA responses

Solar Sharer Offer (SSO)

We advocated

QCA should establish a program of consultation with consumers and other stakeholders on a tariff that offers free electricity in the middle of the day in regional Queensland, for implementation by 1 October 2026, in order to comply with the retail pricing policy in the Minister's delegation.

QCA's final determination response

QCA left it to the Minister to decide whether to introduce such a tariff in regional Queensland.

QCA also set out some key design principles that were in line with our advocacy.

The Minister has since provided a delegation to QCA to introduce such a tariff

This delegation simply instructs QCA to follow the AER methodology, without further consultation, and going straight to a final determination without a draft determination, for implementation from 1 July 2026.

This is akin to Victoria where the Minister instructed the ESC to set prices for a Midday Power Saver tariff to apply from 1 October 2026, without further consultation.

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Advocacy to the QCA's draft determination and QCA responses

Electric Vehicle (EV) tariffs (1)

We advocated

Before QCA approves this or any other Ergon Energy Retail EV tariff, QCA and Ergon Energy Retail should undertake a full consultative process with consumers / EV drivers, which would encompass consultation on the actual tariff rates as well as tariff structure and tariff terms and conditions.

The consultation should include:

- The methodology for determining tariff charges and tariff structure, including SEQ equivalence
- Consideration of providing low cost to tariff users vs. CSO implications
- The customer protections customers will be afforded on this tariff
- Accessibility of the tariff
- The desirability and need for an additional app from the perspective of consumers / EV drivers.

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Advocacy to the QCA's draft determination and QCA responses

Electric Vehicle (EV) tariffs (2)

QCA's final determination response

QCA did not approve EEQ's proposed EV tariff. The reasons given for non-approval included points we made in our advocacy. QCA also wrote the following which was very much in line with our advocacy:

"We also consider the proposal would benefit from more extensive consultation with customers and relevant stakeholders to further develop and test the operational aspects of the design before broader implementation. This would provide an opportunity to better understand customer experience, technology requirements and participation arrangements, and assist EEQ in developing an appropriate tariff structure, pricing approach and implementation model."

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Advocacy to the QCA's draft determination and QCA responses

Standing Offer Adjustment (SOA)

We advocated

The SOA should be removed from the notified prices determination for 2026-27.

QCA's final determination response

QCA retained the SOA, without fully addressing the points we made, and basing only on previous draft determination and previous years' justifications that we had advocated against.

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Advocacy to the QCA's draft determination and QCA responses

Default Market Offer (DMO) comparison

We advocated

QCA should continue to adopt an N+R approach to setting notified prices, with DMO adjustment, but it has nothing to do with the SOA.

QCA should continue to apply a DMO adjustment, but divorce it from the SOA which would cease to exist, and instead the DMO adjustment can be called simply DMO adjustment which restores transparency.

QCA's final determination response

QCA continued to adopt an N+R approach to setting notified prices, with adjustment.

However, QCA did not accept our advocacy position to divorce DMO adjustment from SOA adjustment.

The result is mathematically the same as our advocacy position.

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Advocacy to the QCA's draft determination and QCA responses

Using DMO prices in the Ergon Energy area

We advocated

In accord with the Minister's stated preferred approach, QCA should continue to adopt a Network plus Retail (N+R) approach to setting notified prices, with a DMO adjustment replacing the negative SOA adjustment currently being used to meet the DMO cap. This is in accord with QCA's draft determination for 2026-27.

QCA's final determination response

QCA continued to adopt an N+R approach to setting notified prices, with adjustment.

However, QCA did not accept our advocacy position to divorce DMO adjustment from SOA adjustment.

The result is mathematically the same as our advocacy position.

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Advocacy to the QCA's draft determination and QCA responses

Retail costs update (1)

We advocated

The benchmarks on which QCA has been relying to estimate retail costs are somewhat old and outdated, and the benchmarking approach of calculating retail costs as a residual after subtracting other costs from observed market offer prices is no longer fit for purpose.

QCA should now undertake a full bottom-up reanalysis of retail costs for 2026-27, rather than simply reapplying the previous years' benchmarks and methodology for annual update. The retail costs should then be set at the lower of

- Re-application of the previous years' methodology; and
- New bottom-up assessment.

It is noted that customers are nowadays encouraged to move to increasing “self-service”, and this should be taken into account in re-evaluation of retail costs.

QCOSS advocated

A full bottom-up reanalysis of retail costs should occur as soon as practicable, in advance of the 2027-28 Notified Prices determination.

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Advocacy to the QCA's draft determination and QCA responses

Retail costs update (2)

QCA's final determination response

QCA provides a long narrative on what it calls testing whether the retail cost benchmark should be updated using recent SEQ market data, and assessing alternative options suggested by stakeholders.

QCA concludes by reaffirming that it is retaining the existing retail cost benchmarks for 2026–27.

QCA made no comment regarding how it might update its methodology in future years.

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Advocacy to the QCA's draft determination and QCA responses

Comparison of actual prices in the Ergon Area vs the Energex area

We advocated

In accord with the retail pricing policy in the Minister's delegation, QCA should set notified prices in the Ergon Energy area no higher than the prices paid by 91% of customers in the Energex area, rather than no higher than the prices paid by only 8.9% of customers in the Energex area.

QCA's final determination response

Acknowledged concerns about electricity prices and affordability.

Did not accept our interpretation of the broader Uniform Tariff Policy (UTP) objective as requiring prices to reflect those paid by customers on market offers in SEQ.

Stated that QCA does not consider that current competitive offers in SEQ are a reliable reflection of the prices customers actually pay, the efficient costs of supply, or a stable recovery of underlying costs. Rather, QCA expects they may reflect retailer acquisition strategies and positioning relative to the DMO.

Section 3

Summary of advocacy outcomes

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Summary of advocacy outcomes

QCA accepted our advocacy

In accord with our advocacy, QCA did not approve EEQ's proposed EV tariff, and requested more extensive consultation with customers and relevant stakeholders.

In accord with our advocacy, QCA continued to adopt an N+R approach to setting notified prices, with adjustment.

QCA did not accept our advocacy

QCA did not accept our advocacy to remove the Standing Offer Adjustment (SOA) from the notified prices determination for 2026-27.

QCA did not accept our advocacy to divorce DMO adjustment from SOA adjustment.

QCA did not accept our advocacy to update its retail costs methodology.

QCA did not accept our interpretation of the broader Uniform Tariff Policy (UTP) objective as requiring prices to reflect those paid by customers on market offers in SEQ.

Solar Sharer Offer (SSO)

In accord with our advocacy, the Minister delegated to QCA the creation of a SSO offer for regional Queensland from 1 July 2026, including some key design principles that were in line with our advocacy.

Our advocacy for further consultation on a regional Queensland SSO was not accepted.

Section 4

Next steps

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Next steps

The Queensland Government previously offered QCOSS an opportunity to meet in August 2026 to enable QCOSS to advocate for its positions before work commences on the Minister's delegation to QCA for 2027-28.

QCOSS should accept this invitation. It should re-consult ESCG on policy positions for 2027-28 before meeting the Department.

Policy positions for QCOSS to consider taking to ESCG for 2027-28 should include:

- An Ergon Energy Retail Electric Vehicle (EV) tariff

- Removal of Standing Offer Adjustment (SOA)

- Divorcing DMO adjustment from SOA adjustment

- Updating QCA's retail costs methodology

- Interpretation of the broader Uniform Tariff Policy (UTP) objective as requiring prices to reflect those paid by customers on market offers in SEQ.



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