



Minister for Main Roads, Road Safety and Ports
Minister for Energy and Water Supply

Your Ref: 10.4 Petitions
Our Ref: Petition No.2468-15

10 NOV 2015

Mr Neil Laurie
The Clerk of the Parliament
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Dear Mr Laurie

I refer to your letter of 15 October 2015 enclosing a copy of Petition No. 2468-15 lodged in the Queensland Legislative Assembly.

The Petition, signed by 361 residents of Toowoomba and surrounding areas, draws to the attention of the House what the Petitioners believe is an excessive supply charge for low users of reticulated AGL gas. For this reason, the Petitioners ask the House to make provision for increasing the gas rebate to match the electricity rebate.

The Queensland Government is aware that energy prices are concerning for the Petitioners and for many other customers, and I note that concerns about the gas supply charge have been raised previously in petitions to the House.

The Petitioners may be aware that the Government has recently acted to lock in power price stabilisation for Queenslanders following a final determination from the Australian Energy Regulator (AER). On 29 October 2015, the AER issued its final decisions on the revenue determinations for Queensland's electricity distribution businesses, Energex and Ergon Energy, making cuts to both their proposals and applying downward pressure to electricity prices for Queensland residents and small businesses across 2015–20. As the owner of these businesses on behalf of the people of Queensland, the Government has directed Energex and Ergon Energy to accept the AER's decision, ensuring customers see the benefits of more stable prices over the next four years.

I understand that for low volume users of reticulated gas, the fixed supply charge can represent a higher proportion of their bill. The charge for supply of gas reflects the costs of providing, operating and maintaining gas pipelines, as well as associated administrative and meter reading costs.

Retailers, including AGL in the Toowoomba area, build the fixed charges into the retail prices they charge customers. The Queensland Government does not have a role in the regulation of reticulated gas prices, as these are set by the Federal Government's Australian Energy Regulator (AER). The AER also oversees the economic regulation of gas pipelines, and encourages gas transmission businesses to make efficient investments and provide reliable services to gas consumers.

Energy concessions, including gas and electricity rebates, are intended to assist eligible customers to meet this living cost. The Reticulated Natural Gas Rebate provides support for eligible pensioners and seniors and has risen from \$67.61 to \$68.56 (GST included) per year from 1 July 2015. The Queensland Government is committed to ensuring concessions remain fully funded despite the Australian Government terminating National Partnership funding for Pensioners and Seniors Card holder concessions, at a cost to Queensland of \$56 million in 2015-16 and \$223.2 million over four years.

The Queensland Government recognises the importance of targeting concessions to assist the most vulnerable energy customers. The recently established Queensland Productivity Commission (the QPC) is undertaking a public inquiry into electricity prices, and has recently released an Issues Paper which seeks stakeholder feedback on the current electricity concessions framework. I would encourage all interested stakeholders, including the Petitioners, to participate in the QPC's reviews as they are progressed. More information about the QPC, including their current inquiries and associated consultation processes, is available at www.qpc.qld.gov.au.

I thank the Petitioners for raising their concerns with me and I trust this information is of assistance.

Yours sincerely

A handwritten signature in black ink, appearing to be 'Mark Bailey', written in a cursive style.

Mark Bailey MP
Minister for Main Roads, Road Safety and Ports
Minister for Energy and Water Supply