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12 April 2012

Mr Gary Henry
Queensland Competition Authority
GPO Box 2257
Brisbane Qld 4001
electricity@qca.org.au

Dear Mr Henry,

QCA Draft Determination – Regulated Retail Electricity Prices 2012-13

IOR Terminals operates a crude oil storage facility at the Port of Brisbane on behalf of the Lytton JV. This was formerly a Santos Ltd site, constructed during the mid-1980s. The joint venture was established to allow smaller Queensland crude oil producers access to a market in Queensland that would otherwise not be available to them, following the closure of the Moonie to Brisbane oil pipeline during 2008.

The facility consists of a road tanker unloading bay, crude oil storage tank and transfer pumps that allow periodic transfer of product to a neighbouring oil refinery. The nature of the operation is such that operation of the transfer pumps, which constitute the peak electricity demand of some 2,000 Kw, occurs once or twice per month for a few hours at a time. The average demand for the rest of the month is relatively low, i.e. less than 50 Kw.

Impact of Demand-based Pricing on IOR Terminals

The change from the current Tariff 20 (or 8500) to demand-based pricing from July 2012 will significantly affect the viability of this operation. Our calculations, based on preliminary 2012-13 pricing, indicates that IOR Terminals' electricity charge will increase from the current ~\$65,000 p.a. to more than \$360,000 p.a., i.e. an increase of greater than \$450%.

The extent of these changes was only brought to our attention in February of this year. We have therefore had very little time to investigate alternative options for this site. These would include extending the current practise of scheduling the transfers for off-peak period.

Transitional Arrangements

The estimated demand figure used in Appendix G of the Draft Determination uses an average demand value to assess the impact on non-residential customers. The impacts on those non-residential customers that by their nature have a large electricity demand over a short period are not considered.

We note that existing Tariff 37 (large non-residential customers) have been granted a 12 month transitional arrangement and request a transitional arrangement of at least this period for our business.

Yours faithfully,



Ross Mackenzie
General Manager