

13 May 2020



Queensland Competition Authority
GPO Box 2257
BRISBANE QLD 4001
<http://www.qca.org.au/Submissions>

ABN: 86 137 318 631
Postal Address: PO Box 953,
Bundaberg Qld 4670
07 4151 2555 P
07 4153 1986 F
BRIG@bdbcanegrowers.com.au E

Dear Sir/Madam

Re: QCA Draft Determination: Regulated Retail Electricity Prices for 2020-21 (March 2020)

Bundaberg Regional Irrigators Group (BRIG) was established to represent irrigators in the Bundaberg district across a range of commodity groups including sugar cane, grain and pulse crops as well as horticulture.

BRIG members farm on approximately 36,000ha and use an estimated 1,100 irrigation pumps and associated distribution systems to irrigate a variety of crops. A significant percentage of these systems (circa 90%) are currently powered by electricity.

Electricity is a significant cost to irrigators. This cost can be amplified depending on the actual farm location and source of irrigation water in terms of the amount of head that water is required to be pumped and the volume of water required.

Whilst there are a wide variety of crops in the region, sugar cane accounts for around 80% of the nominal irrigation allocations in both the groundwater and surface water systems.

Energy Consumers Australia (ECA) have defined the role of the grid supplied electricity system as providing *comfortable homes* and *competitive businesses* and that in order to achieve this role the system needs to be *affordable, individualised* and *optimised*.

Our members are all attempting to operate competitive businesses.

The current cost of electricity results in the majority of our members not being able to sustain their enterprises using grid supplied electricity. Most are actively looking for alternatives to grid supplied electricity and have tasked BRIG to assist them in that endeavour.

At this point in time a solar diesel energy mix is the most economically viable alternative and we are successfully trialling a solar/grid mix with assistance from ARENA.

We have been able to define a sustainable and affordable tariff as follows:

An affordable and sustainable electricity price is one that has a ceiling of 8 cents per kilowatt-hour for the electrons and 8 cents per kilowatt-hour for the network. (GST exclusive)

Load Control Tariff Options

BRIG has worked extensively with Ergon and the Department developing and trialling the load controlled tariff (T33) as a sustainable and affordable tariff that meets the needs of many of our irrigator members.

We have been informed by AER representatives that the AER decision will allow the network to facilitate controlled load tariff structures as both primary (standalone) and secondary tariff options for both large and small CAC customers.

We have been further informed that this has been communicated to QCA, Energy Queensland and the Department.

This seems at considerable odds to QCA's statement that:

We propose to not establish new retail tariffs based on proposed new network tariffs for large customers, namely the new default time of use demand tariff and load control tariffs. Similar to our position in respect of small customers, we consider there is insufficient certainty to incorporate these within notified prices at this stage. For instance, we note the AER has sought further information from Ergon Distribution on the proposed new default time of use demand tariff and, as discussed above in respect of small customers, there are uncertainties about the full terms and conditions of the proposed new load control tariffs.

Interestingly the QCA also noted in a footnote that:

In addition, we do not have enough information at this stage about the load profile of these tariffs to appropriately determine the energy costs for these tariffs.

Again this seems to be at odds with the real situation as we have been privy to a presentation by Ergon Retail which provided estimates of around 116.43 cents /day supply charge and 18.87 cents /kWh for standalone T33 and 16.46 for T33 as a secondary tariff. Similarly T34 should be available at these rates as well.

These estimates were based on QCA methodology!

During the past eight (8) years we have engaged with the AER, Ergon, CEFC, CER, Federal and State Energy Departments, Federal and State Governments and elected representatives and more recently with Energy Queensland on behalf of irrigators.

We have also partnered with various other organisations and businesses that face the same issue of affordability on a range of projects.

We have had the opportunity to contract consultants and energy experts and we have been able to define in general terms what a food and fibre tariff might look like.

Agronomically sugarcane is significantly more robust than most crops and is able to sustain periods of no irrigation better than snow peas or cut flowers.

A genuine controlled load tariff for crops such as sugarcane will help Energy Queensland to optimise supply at affordable levels.

It would appear that the Minister, the AER, Ergon, and Energy Queensland as well as our irrigators are ALL in agreement to allow T33 and T34 to be utilised as a mutually beneficial tariff.

To not have the proposed load control tariffs available for access on 1 July 2020 is extremely disappointing and illogical and we request that QCA reconsider this recommendation.

Please call should you require further information or clarification.

Yours Faithfully,

A handwritten signature in black ink, appearing to read 'D. Holliss', with a stylized, scribbled flourish to the right.

Dale Holliss
Company Secretary