

09 February 2021

Regulated retail electricity prices for 2021-22  
Queensland Competition Authority  
GPO Box 2257  
BRISBANE, QLD, 4001

Lodgement: [www.qca.org.au/submissions](http://www.qca.org.au/submissions)

Dear Sir/Madam

**Re: QCA Interim Consultation Paper – Regulated Retail Electricity Prices for 2021-22.**

Cotton Australia is the peak body representing the cotton growers and cotton ginners of Queensland, and across Australia.

For many cotton growers, and for all ginners, electricity is a very significant cost, and therefore we have a keen interest in regional electricity pricing.

Nearly all Queensland cotton growing, and all ginning (first stage processing) occurs outside of south-east Queensland, within the area covered by regulated retail electricity pricing.

Cotton Australia welcomes the opportunity to submit on the Interim Consultation paper but notes that this submission will be brief.

Cotton Australia has submitted extensively over the past decade to this annual process and refers the Authority to all previous submissions. Cotton Australia is disappointed that so many of the issues that were relevant at the start of the last decade remain relevant at the start of this decade.

Cotton Australia is an active member of the Queensland Farmers Federation (QFF) and endorses its submission. However, should there be differences in views expressed in the two submissions, the view of Cotton Australia is the view outlined in this submission.

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## Summary of Recommendations

**Recommendation 1:** *That the QCA, through the QFF, arrange a briefing/discussion, with agricultural industry representatives, prior to the finalisation of its draft report, to provide additional information on the structure of the proposed replacement tariffs for 62, 65, & 66.*

**Recommendation 2:** *That the replacement tariffs for 62, 65, & 66 be made available to Large Customers (who have a demonstrated history of use of the obsolete tariffs).*

**Recommendation 3:** *That the QCA either directly provides access to all large users T60A or 60B regardless of their geographical location, allows continued access to large existing users to T62, 65 and 66, or recommends to government that these changes should be made.*

**Recommendation 4:** *That the QCA recommend to the Qld Government that the threshold for a Large User be lifted to 160MWh pa.*

**Recommendation 6:** *Headroom charges should not be included in any tariff pricing*

## General Comments

This focus of this submission will be the replacement tariffs for the obsolete T62, 65, and 66. Cotton Australia is extremely frustrated that the QCA at the time of preparing this interim paper could provide no details on the likely structure of these critical tariffs. This lack of information at one level is very hard to understand given the well documented journey of the current T62, 65 and 66 towards obsolescence, with a final date of June 30, 2021, yet also points to the very convoluted method of Tariff development and pricing that we have any Queensland, where even the QCA appears beholden to the network, which does not seem to be able to provide the required information in a timely manner.

As an industry body, Cotton Australia has an obligation to assist our growers by providing them with accurate information regarding their electricity tariff choices, but this is a role we cannot do without timely tariff information.

As it now stands, with the significant tariff changes that have occurred over the past 12 months (introduction of T34, T60A and T60B), but without any definitive information on T62, 65 and 66, our growers will only have from March (release of the QCA draft report) to June 30 to make an informed choice with regards to the most suitable tariffs.

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Given this incredibly tight timeframe, and the important changes that have and will occur during the 20/21 year, it is essential that the QCA, networks and organisations like ourselves direct extra resources to highlighting the new tariff choices once the QCA draft report is released.

### **Replacement Tariffs 62, 65 and 66**

The soon to be obsolete T62,65 & 66 have been the mainstay of farming and irrigation tariff choice for many years now.

Cotton Australia concedes that not all current users who choose these tariffs are making the best choice, but it is also a fact, especially during drought, that these tariffs have remained attractive for many.

Cotton Australia is heartened by the intent of the QCA to “mirror” the obsolete tariff, but it is in no position to endorse the QCA’s approach, until Cotton Australia see the draft tariffs.

Cotton Australia does request that the QCA briefs the agricultural industry, through QFF, as soon as it has some clarity on the likely structure of these tariffs, and before it finalises and releases its draft report. Cotton Australia believes it would be a valuable exercise for the QCA to gain insights from the agricultural industry before completion of its draft.

Cotton Australia also seeks clarity from the QCA as to what the term “grandfathered immediately” means in the context of this determination.

**Recommendation 1: *That the QCA, through the QFF, arrange a briefing/discussion, with agricultural industry representatives, prior to the finalisation of its draft report, to provide additional information on the structure of the proposed replacement tariffs for 62, 65, & 66.***

Cotton Australia also seeks further clarification around the statement that these new Tariffs will only be available to certain customers. Cotton Australia notes from the footnote in the discussion paper, that they will only be available to small customers.

Cotton Australia urges the QCA to extend their availability to Large Customers who have also been on T 62, 65 or 66 from July 1, 2017.

As Cotton Australia has demonstrated in numerous previous submissions, and number of water-harvesting users will face bill shocks in excess of 200% if they are forced to migrate to a demand-based Tariff such as 44 or 45.

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If left with only demand-based tariffs to choose from, these users will simply migrate off the grid and resort to diesel-based pumping.

**Recommendation 2: That the replacement tariffs for 62, 65, & 66 be made available to Large Customers (who have a demonstrated history of use of the obsolete tariffs).**

### **Tariffs 60A and 60B**

While the introduction of Tariffs 60A and 60B, has provided additional and valuable tariff options, it has only become clear to Cotton Australia over the past six months that these tariffs are not available to many large irrigation users simply due to their location across the Ergon Network.

For example, large irrigators in the St George/Dirranbandi region will have no access to 60A & 60B, and small irrigator users only choice is to have their access on T33 and T34 controlled by time clock, rather than through dynamic load control.

Unless large users are provided full access to Tariffs 60A & 60B, or alternatively can access the new T62,65, 66, then they will have no choice but to migrate off the network.

Cotton Australia requests that the QCA direct that all irrigators should have access to 60A and 60B, regardless of their location, or it allows for continued access to the replacement T 62, 65, & 66 by existing large users.

Cotton Australia concedes that the QCA might require further instruction from the Government to achieve this outcome, and if this is the case calls on the QCA to provide a recommendation to government, that would allow these large irrigation users, access to grid-based electricity at an affordable price.

**Recommendation 3: That the QCA either directly provides access to all large users T60A or 60B regardless of their geographical location, allows continued access to large existing users to T62, 65 and 66, or recommends to government that these changes should be made.**

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## Other New Retail Tariffs

Cotton Australia is not clear on what the structure of the proposed Business Customer (Basic) >100MWh pa” tariff would look like, but is generally supportive of a consumption based, rather than a demand-based tariff, being made available for large users.

Cotton Australia does support the lifting of the definition of Large User for 100MWh pa to 160MWh. Cotton Australia understands that this may not be in the direct power of the QCA but calls on the QCA to issue a direct recommendation to government to raise the threshold to 160MWh pa.

**Recommendation 4: That the QCA recommend to the Qld Government that the threshold for a Large User be lifted to 160MWh pa.**

## Metering

Cotton Australia is supportive of any measures that will assist users to transition advanced digital metering in a cost-effective manner.

## Network Tariff Requirement

Cotton Australia supports measures to make the Tariff Schedules as Stand-alone as possible. While Cotton Australia has no specific suggestions, it does urge the schedule to be as “plain-English” as possible, which will assist users to make informed choices.

## Service provider discretion

Cotton Australia seeks clarification from the QCA as to whether the intention to transition residential customers off T33, will have any impact on irrigators who have been able to access T33 as a dynamic interruptible supply tariff.

We also want to maintain, or provide an option for customer in the CAC, ICC and Large categories to be able to swap between tariff classes, when usage patterns permit.

As described in many previous submissions cotton ginning is highly seasonal in both an annual and interannual sense. The cotton ginning year is divided into the “Care and Maintenance” period and the actual “cotton ginning period”. The length

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of the cotton ginning season varies enormously between seasons, some sometime ranging from as little as a couple of weeks, through to 7-8 months.

Cotton Australia calls on the QCA to make a clear direction to retailers and networks, that cotton ginners should be able to make intra-year tariff changes allowing them to select the most suitable tariff from any class for the ginning period, and the most suitable tariff from any class for the “Care and Maintenance” period.

**Recommendation 5: *The QCA to make a clear direction to retailers and networks, that cotton ginners should be able to make intra-year tariff changes allowing them to select the most suitable tariff from any class for the ginning period, and the most suitable tariff from any class for the “Care and Maintenance” period.***

### **Headroom Charges**

Cotton Australia does not believe that headroom charges play any role in promoting competition in the Ergon Network area and therefore support the removal from prices for very large and large customers, and further removal from small business charges.

**Recommendation 6: *Headroom charges should not be included in any tariff pricing.***

### **Conclusion**

Cotton Australia welcomed the opportunity to make this submission, and looks forward to the QCA response, including a briefing to agricultural groups on the structure of the replacement tariffs for 62, 65, & 66.

For further information please contact Michael Murray, General Manager, 0427 707 868 or [michaelm@cotton.org.au](mailto:michaelm@cotton.org.au).

Yours sincerely,



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