QUEENSLAND FARMERS' FEDERATION

QCA Draft Determination
Regulated retail electricity prices in regional Queensland 2025-26
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This submission is provided to:

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About the Queensland Farmers' Federation

The Queensland Farmers' Federation (QFF) is the united voice of agriculture in Queensland.

Our members are agricultural peak bodies who collectively represent more than 13,000 farmers who produce food, fibre and foliage across the state.

QFF's peak body members come together to develop policy and lead projects on the key issues that are important to their farmer members and the Queensland agriculture sector.

Together, we form a strong, unified voice leveraging our effectiveness by working together to drive policy and initiatives that support a strong future for Queensland agriculture.

Submission

The Queensland Farmers' Federation (QFF) welcomes the opportunity to provide feedback on the Queensland Competition Authority's (QCA) Draft Determination for notified electricity prices for regional Queensland for the 2025–26 period.

Overview

QFF acknowledges the QCA's efforts to improve customer engagement in the move towards cost-reflective pricing, we remain concerned that the proposed tariff structures do not sufficiently address the operational realities of agricultural businesses, particularly irrigators and growers with complex, seasonal, and inflexible energy needs.

The QCA's draft decision introduces some tariff options for small and large businesses, but these fail to adequately cater to the unique requirements of agricultural operations. A primary concern is the proposed 12-month transition period of Tariff 22C, a tariff essential for farmers who align irrigation schedules with solar generation. Its removal, without a suitable replacement to encourage daytime energy use, jeopardizes the financial viability of solar-powered operations. This transition period is deemed too short and unreasonably rushed.

QFF is also alarmed by the cumulative cost increases embedded within the draft decision, especially across commonly used irrigation tariffs. These price increases, following the significant increase in prices from the 2023-24 pricing period, would result in unsustainable charges for many agricultural producers. This, along with limited tariff flexibility and insufficient transition periods, could place undue financial strain on agricultural businesses already grappling with increasing input costs and environmental challenges.

To ensure a fair, functional, and future-focused pricing framework, QFF offers the following key priorities for the QCA's consideration:

- Acknowledge the cumulative financial impact of tariff changes, particularly for those losing access to Tariff 22C and facing time-of-use pricing shifts that drive up the cost of daytime irrigation periods.
- Retain or extend Tariff 22C for a minimum of two years to preserve a critical cost-saving option for irrigators who depend on daytime electricity use.

- Introduce a solar-soaking alternative tariff, such as one based on efficient cost-reflective pricing of 8c network + 8c retail = 16c/kWh, or redesign existing TOU structures to better incentivise daytime energy use and provide greater operational flexibility for farmers.
- We encourage the QCA to coordinate with the Queensland Government to increase the SAC Large threshold from 100 MWh to 160 MWh to better reflect the seasonal nature of agricultural electricity use and avoid punitive charges for smaller farms.
- Extend the transition period from 12 to 24 months for agricultural customers, allowing producers sufficient time to understand, plan, and adapt to new tariff arrangements in line with their irrigation and production cycles.
- Ensure early and tailored customer engagement, including the development of practical tools to support growers in assessing bill impacts, optimising irrigation timing, and modelling load profiles against new tariffs, with outreach beginning no later than July 2025.

Given that the AER's final determination on network tariffs and Ergon Distribution's proposed prices for 2025–26 are still pending, QFF urges the QCA to extend the consultation period beyond April 23, into May, to allow stakeholders ample time to review and respond to these developments. This extension is critical to ensure that all key changes are fully considered in the submissions.

QFF remains committed to working constructively with the QCA, Energy Queensland Limited (EQL), and other key stakeholders to ensure that the 2025–26 electricity pricing framework supports the long-term sustainability and competitiveness of Queensland's agricultural sector. We look forward to a collaborative and inclusive consultation process that fully considers the diverse needs and challenges of farming operations across the state.

Cumulative impact of 2025-26 price increases

The QCA's Draft Determination proposes price increases for several commonly used agricultural tariffs, with Tariffs 20 and 34 seeing a 7% rise and Tariff 22C increasing overall by 5%. Additionally, growers using medium-to-large irrigation pumps on Tariff 44 will face higher capacity charges. This follows an enormous increase to retail tariff pricing from the 2023-24 pricing period. While the QCA has reported modest price increases for 2025-26 small and large business tariffs, the cumulative financial effect on agricultural customers is much larger due to:

- The large volume of electricity used during irrigation seasons;
- The concentration of energy use in higher-cost charging windows under the new tariff structures;
- The loss of preferential pricing structures like Tariff 22C that previously allowed growers to contain costs during daytime electricity use.

As electricity prices become more unpredictable, many growers are exploring alternatives, with diesel emerging as a more flexible and practical choice. One grower, for example, was faced with a lengthy wait and a significant investment to move power poles for a new irrigation system. Instead, they opted for a diesel generator to pump water from a bore. While the operating costs of the diesel generator are similar to grid electricity, the savings in capital investment and the ability to bypass grid limitations make diesel a more viable solution.

Even without factoring in additional grid-related charges, such as demand or capacity fees, diesel is already proving to be a preferable option. With rising retail prices, capital investment challenges, and seasonal demand fluctuations, diesel is increasingly seen as a smarter, more sustainable solution for many growers.

Impact of changes to network tariff structures

QFF strongly opposes the proposed timeline for the removal of Tariff 22C. The removal of the embedded solar soaking period in this tariff represents a major disruption for a key group of electricity users who have strategically aligned their energy use with solar generation. Eliminating this feature directly undermines efforts to promote more sustainable and cost-effective agricultural practices by removing a key incentive for renewable-aligned electricity consumption.

Tariff 22C was introduced as a transitional measure following the retirement of legacy farming tariffs such as Tariffs 62 and 66. It provided a highly effective pricing signal by significantly reducing electricity charges between 9am and 4pm—precisely when Queensland experiences peak solar output. This midday pricing window incentivised irrigators to shift their operations to daytime hours, enabling the widespread adoption of "solar soaking" practices.

The proposed transition to Tariff 22E fails to provide the same financial incentives. Unlike Tariff 22C, Tariff 22E does not encourage energy use during midday hours and, in fact, increases daytime pumping costs due to a broader shoulder pricing window. This change will result in significant cost increases for irrigators who have structured their operations around previous off-peak (9am to 4pm) pumping times, putting years of investment in infrastructure, automation, and energy management at risk.

To illustrate the real-world consequences: an irrigator operating a 45kW pump from 9am to 5pm daily under Tariff 22C previously benefited from substantial off-peak savings. Under the proposed changes, this same usage pattern would incur approximately $400 more per monthly billing cycle, equating to over $2,300 in additional costs during a typical six-month irrigation season. These increases are solely due to the loss of the solar soaking benefit and higher daytime rates under the new tariff. Without an equivalent pricing signal to encourage load-shifting to solar hours, irrigators may be forced to revert to diesel-powered pumps, raising both operating costs and emissions.

Tariff	Annual consumption				2025-26 retail tariff pricing (excl. GST)					Projected total cost (excl. GST)			
	All usage	Off-peak	Shoulder	Peak	Fixed	Off-peak	Shoulder	Peak	Demand	Daily	Weekly	Monthly	Annual
	kWh	kWh	kWh	kWh	c/day	c/kWh	c/kWh	c/kWh	$/Kw/kVA				
Tariff 20	5,040	5,040			190.42	33.40				$122	$855	$1,741	$14,164
Tariff 34	5,040	5,040			181.14	24.46				$122	$854	$1,738	$14,128
Tariff 24A	5,040	5,040			167.07	29.11			6.11	$146	$1,020	$1,793	$14,544
Tariff 24C	5,040	1,260	3,780	-	181.14	21.76	31.44	23.75	8.11	$106	$744	$1,152	$12,361
Tariff 22B	5,040	4,410	180	450	IB 1-5	26.33	38.33	44.68		$104	$729	$1,489	$12,143
Tariff 22C	5,040	4,410	180	450	IB 1-5	12.59	38.50	55.83		$64	$451	$934	$7,702
Tariff 22D	5,040	1,260	3,780	-	189.93	21.76	33.01	45.77		$111	$774	$1,580	$12,870
Tariff 22E	5,040	1,260	3,780	-	189.93	6.97	31.27	55.71		$93	$648	$1,328	$10,852

While the QCA has noted that Tariff 22C is "underutilised," QFF stresses that this assessment overlooks its importance to those irrigators who do depend on it. Though not universally adopted, the tariff has seen meaningful uptake among a core group of high-impact users whose energy demands are both significant and time-sensitive. These customers may represent a smaller portion of the overall user base, but their operations are vital to regional productivity and food security. Removing the incentive to irrigate during solar-friendly hours could shift

demand to evening peaks, increasing grid strain, raising costs, and running counter to Queensland's broader goals for renewable energy integration.

To mitigate these risks and preserve the benefits of solar-aligned irrigation and electricity use, QFF recommends the following:

- Retain or extend Tariff 22C for a minimum of two years, or indefinitely, to provide certainty and allow growers time to adapt operations to new tariff structures.
- Develop a new "solar soaking" tariff that supports daytime pumping at an efficient cost-reflective level (e.g. 8c/kWh network + 8c/kWh retail = 16c/kWh), or redesign TOU structures to better align with solar generation patterns.
- Expand the solar soaking window for small businesses to match the zero Distribution Use of Service (DUOS) period available to residential users (11am to 4pm) to encourage broader daytime energy use and help relieve pressure on evening peaks.

Effective management of transition to new tariff structures

A transition period is a critical requirement for customers facing significant changes to their tariff structures. Given the complexity of these changes, it is essential to allow customers ample time to adapt and fully understand the implications of the new pricing structures. A structured transition period of at least 24 months should be considered to ensure customers can make necessary operational adjustments and fully grasp how the new tariffs will impact their energy costs.

QFF remains concerned that the draft decision has not adequately addressed the management of tariff assignment for small business customers, particularly agricultural operations. Many agricultural customers, especially those involved in irrigation or other operations with fixed schedules or episodic consumption, may face financial hardships as they adjust to new tariff structures (e.g., from tariff 22C to tariff 22E).

Successful implementation of new tariff structures hinges on genuine customer understanding and choice. However, many agricultural customers are still unaware of how these changes will affect their costs, particularly due to the lack of tools that model actual usage against new tariff structures. QFF emphasises that education should precede changes to price signals, and that clear, practical resources must be made available for:

- Load profile analysis
- Bill impact comparisons
- Irrigation timing optimisation

QFF urges the QCA to consider a minimum 24-month transition period for the removal and restructuring of tariffs. This extended period will allow agricultural customers the necessary time to adjust their operations and manage the financial impact of these changes effectively. Additionally, it will provide the opportunity for a comprehensive customer education campaign to ensure that affected growers understand the new tariffs and can make informed decisions about their energy usage. QFF strongly recommends the following measures:

- No customer should be transitioned into a new tariff design without prior consultation by Ergon Retail.

- A longer transition period of 24 months is necessary for customers with complex energy needs, such as seasonal irrigators, to assess how the new tariffs will impact their operations and adjust their consumption patterns accordingly.
- Ergon Retail should begin customer engagement activities no later than 12 months before the changes take effect (i.e., from 1 July 2025), allowing sufficient time for customers to understand the changes and make informed decisions.
- Ergon Retail should provide clear, transparent communication and develop tailored resources to help customers understand how the new tariffs will affect their operations. This could include offering comparison tools and proactive outreach to identified customers with more complex needs.
- We encourage the QCA to explore further incentives for agricultural customers to shift consumption to periods of high renewable energy availability.

Billing clarification

According to the Ergon Energy Network Tariff Guide 2024–25, the demand charge under Tariff 44 is calculated on a $/kVA/month (or kW) basis. It is applied to the kVA amount by which a customer's actual maximum demand, measured as a single peak over a 30-minute period during the month, exceeds the demand threshold associated with their network tariff. The same guide also notes that "in some instances, daily pro-rating will apply in the calculation and billing of demand charges," and refers readers to the Queensland Market Participant Handbook for further clarification.

However, in this case, and in several others we are aware of, the billing methodology applied does not align with any conventional or widely accepted interpretation of daily pro-rating. Compounding the issue is the inaccessibility of the Queensland Market Participant Handbook, which cannot be found via standard online searches and is not readily available to the average customer. This lack of transparency raises a fundamental question: if those being charged cannot access or understand the methodology, then who can?

A specific example highlights the seriousness of this issue. A cotton grower who was recently moved to Tariff 44 saw their monthly electricity bill increase from approximately $18,000 to $44,471. Of this total, $8,320 was attributed to 39,300 kWh of usage, $1,523 to the service fee for 31 days, and an extraordinary $34,627 was charged as a Demand Charge (all figures include GST). Unlike the standard $/kVA/month calculation that enables customers to forecast demand-related costs, this grower was billed using a methodology resembling $/kW/day, specifically, $0.82 per kW over 1236.87 kW for 31 days.

This situation raises concerns regarding the transparency, fairness, and consistency of how Tariff 44 is being applied. Clear communication and accessible information are essential, especially when customers are being exposed to substantial and unexpected charges. Other market retailers, such as Origin Energy, provide customers with detailed metrics, including highest measured demand (in kVA or kW), power factor, load factor performance, and even emissions data, helping them to understand and manage their usage more effectively.

QFF is struggling to understand why, despite the availability of basic interval meter data in the Energex Network, Ergon Retail does not provide similar levels of insight within its own network. Going forward, it is imperative that Ergon Retail's billing practices evolve to meet the needs of

regional customers. These customers don't just require transparency in how charges are applied, they also need access to actionable data and performance metrics that can inform operational decisions, improve efficiency, and ultimately support long-term sustainability. QFF contend that billing should not simply be a tool for cost recovery; it must also serve as a gateway to meaningful energy management.

SAC Large customer classification

QFF strongly urges the QCA to review and increase the current 100 MWh consumption threshold for SAC Large customer classification ahead of the 2025–26 notified electricity price determination. The current threshold imposes significant financial and administrative burdens on many agricultural customers, particularly those with seasonal or episodic electricity usage. Growers who exceed the 100 MWh mark are automatically reclassified into the Standard Asset Class (SAC) Large category, triggering disproportionately high fixed supply charges and complex billing arrangements that do not reflect their actual consumption patterns. Specifically, this reclassification results in:

- A steep increase in fixed supply charges, from approximately $700 per year to over $17,000 per year.
- Penalising capacity-based demand charges (from $6 to $29) during episodic periods of high usage.
- Increased billing complexity, which makes financial planning more difficult.

This situation is particularly detrimental to growers who rely heavily on electricity during a few critical months of the year, such as for irrigation, and who have limited control over peak demand due to the nature of their equipment or irrigation systems. Many also lack the capacity to invest in costly demand-management or energy storage solutions.

QFF recommends raising the threshold from 100 MWh to 160 MWh. This adjustment would better reflect the needs of small and mid-sized agricultural enterprises with seasonal or intermittent usage, while still excluding large commercial and industrial consumers. It would help reduce financial stress, simplify tariff structures, and offer more appropriate options during Queensland's transition to new electricity pricing frameworks.

We note that under section 5(b) of the *Electricity (Ministerial) Delegation (No. 1) 2024* and section 90(5) of the *Electricity Act 1994*, the QCA is obligated to consider any relevant matter when setting electricity prices. Furthermore, the *National Energy Retail Law (Queensland)* provides flexibility for regulatory adjustments, allowing the Governor in Council to revise the upper consumption threshold by regulation in order to respond to local needs.

Given the clear evidence of adverse impacts under the current threshold and the policy flexibility available, we strongly urge the QCA to give this issue due consideration. We also call on the QCA to consult publicly and transparently on this matter well ahead of the 2025–26 pricing determination. In doing so, the QCA would acknowledge the sustained efforts of QFF and other stakeholders to address this pressing issue and support fairer outcomes for Queensland's agricultural sector.

Conclusion

While the QCA's direction toward cost-reflective pricing is acknowledged, its application must be tempered by fairness, practicality, and sector-specific realities. The removal of Tariff 22C,

without adequate alternatives or transition support, jeopardises the financial sustainability of Queensland's irrigators and growers.

Ultimately, QFF believes there is a significant opportunity to better align tariff signals with the agricultural sector's capacity to absorb excess solar generation. Maintaining targeted, transitional tariffs like Tariff 22C will not only support Queensland's farmers but also help the state achieve its renewable energy and emissions reduction goals in a way that is equitable, strategic, and grounded in real-world energy use.

QFF strongly urges the QCA to consider the unique challenges faced by agricultural customers and ensure that tariff changes are implemented in a manner that supports fairness, transparency, and sustainability. The proposed tariff reforms have the potential to significantly impact the financial viability of many agricultural businesses in Queensland, which are already under financial pressure.

A thorough consultation process, clear communication, and a well-structured transition period are essential for mitigating these impacts. By addressing these concerns, the QCA can help ensure that the 2025-26 electricity pricing framework supports both the competitiveness and long-term sustainability of Queensland's agricultural industry.

If you have any queries about this submission, please contact Samuel Laffer at samuel@qff.org.au

Yours sincerely

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