

Charles Millstead
Chief Executive Officer
QCA
Level 27, 145 Ann Street
Brisbane, Queensland
Australia 4000
10-4-2017

Submission by online form

Dear Mr Millstead,

Re: 2017/18 Regulated Electricity Prices

Firstly, apologies for the lateness of this submission, and thank you for personally making the time to attend the Toowoomba consultation last month.

As I conveyed to you at the meeting, it is extremely frustrating that these consultation process result in little or no change and that is largely due to the very formulae based approach to the price setting process.

I do not intend to provide you with a detailed submission, but refer you back to all the submissions lodged by Cotton Australia (and the Queensland Farmers Federation) over the past the six years.

However, I do wish to highlight what I believe to be the two most galling elements of Regulated Regional Pricing:

- I. The continued imposition of a 5% "headroom" charge supposedly to encourage competition, when the vast majority of customers are unable to access competition (Cotton Australia is aware that a significant number of Eastern Seaboard larger customers can and do access competition). Further, it has always seemed nonsense to Cotton Australia that prices should be artificially increased so as to allow retailers to offer discounts. Discounts should be funded by efficiencies, not through price increases.
- II. The continued move to phase out the transitional tariffs by 2020, and in particular force some irrigators who are currently able to utilize consumption based tariffs onto demand based tariffs. As previously demonstrated to QCA, government, networks and other regulators, this will lead to massive increases in charges for some irrigators and will result in them leaving the grid, This will not only cause the irrigators to have to invest significantly in alternative energy sources, but will leave the Ergon network with stranded assets. No sector will win from this ludicrous decision.

Recommendations

- I. The 5% headroom charge should be removed from all regulated tariffs.

- II. A “grandfathering” clause must be provided to allow all current users of transitional tariffs to stay on those tariffs while ever the connection property stays in the same ownership, or there is no application to increase service capacity to the property.

- III. The habit of applying escalation factors to transitional tariffs should cease, especially as by its own admission the QCA cannot identify at what point these tariffs become cost reflective.

For further information on this submission please contact Michael Murray – michaelm@cotton.org.au or 0427 707868.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Michael Murray', with a stylized flourish at the end.

Michael Murray,
General Manager,
Cotton Australia