



Mr Charles Millsteed
Chief Executive Officer
Queensland Competition Authority
GPO Box 2257
BRISBANE QLD 4001

Wednesday 6 April 2022

RE: Regulated retail electricity prices for Regional Queensland 2022-23

Dear Mr Millsteed,

Thank you for the opportunity to provide a submission to the *Regulated retail electricity prices for Regional Queensland 2022-23* determination process.

The National Irrigators' Council (NIC) is the national peak body for the irrigated agriculture sector and convenor of the Ag Energy Taskforce – a group of peak agriculture groups from around Australia. We have members spread throughout regional Queensland representing thousands of irrigation farmers and related entities who will be affected by this determination.

Farmers are not always front of mind in considering energy pricing and policies, but I ask the Queensland Competition Authority to reverse this trend and put our regional food and fibre growers at the forefront of your thinking.

The irrigated agriculture sector contributes billions to our economy and drives regional jobs, but they are being held back by unaffordable and uncompetitive energy prices and tariffs. Any rise in costs puts significant pressure on regional businesses, which have the capacity to absorb costs to a point but will eventually need to pass on those costs to consumers – increasing the already rising cost of living. Increasing costs have the effect of forcing businesses to wind back operations, lower their staffing numbers and in some cases, results in business closures. Any loss in productive capacity will have broader economic consequences for regional Queensland.

NIC has long advocated for a price ceiling of eight cents for electrons and eight cents for network costs. This price ceiling would allow farmers to operate in a competitive environment while taking pressure off jobs and cost of living.

As part of the Queensland Competition Authority's role in providing frank and fearless advice to the Queensland Government, we would encourage you to provide recommendations to Government calling for urgent investment in new power generation in Queensland and the immediate addition of new energy producers and retailers to increase competition in the State. Competition is needed in the Queensland market to put pressure on these companies to lower their prices to meet market expectations and break the monopoly hold over the market by current players.

Turning to the substance of your Draft Determination on regulated electricity prices for regional Queensland 2021-22, NIC has been made aware this represents an increase of between four to nine percent for some related entities, which will have a major effect on their businesses. An increase of 13.6 percent, touted for large energy users is not only unreasonable, but potentially catastrophic for these regional businesses.

Queensland energy users on a year-to-date average are already paying two to three times more than colleagues in South Australia, Victoria and Tasmania. This is unreasonable, uncompetitive and unsustainable.

The Australian Energy Market Operator has warned that shifting energy loads may also create challenges in energy reliability, which is an unacceptable outcome for regional businesses. Farmers need to know when they flick the switch on their pumps, the electricity will be there to run them. Farmers are increasingly using advanced technology, enabling them to manage their irrigation operations more strategically. This world-leading water management fails if they can't get the water to where it is needed, when it is needed, risking lower yields and crop losses. It's the farmer on the ground, managing their cropping needs and equipment who understand this process, not an energy provider sitting in an office miles away who decides to shut off the supply and they need a responsive and resilient network to meet those needs.

Already we are hearing from regional Queensland farmers who are going off the grid and turning back to alternative sources, such as diesel generators, because the Queensland electricity market is unaffordable and unreliable. This goes against climate considerations and the objective to reduce carbon. Regardless of these concerns, it exposes the weaknesses and flaws in Queensland's electricity market which need to be urgently addressed.

In writing this submission, NIC endorses the submissions of our members, including Pioneer Valley Water, Bundaberg Regional Irrigators Group and Cotton Australia, and the submissions from the Queensland Farmers' Federation and Queensland Electricity Users Network.

Farmers need affordable, reliable, secure, responsive and resilient energy to ensure they can run their businesses in a competitive environment and continue to feed and clothe Australians and the world, while driving our economy and creating regional jobs.

If you or your office would like any further information or would like to discuss, please feel free to contact me on 0407 083 890 or at ceo@irrigators.org.au.

Thank you for your consideration of these matters.

Kind regards,

A handwritten signature in black ink, appearing to read 'Isaac Jeffrey', with a long horizontal flourish extending to the right.

Isaac Jeffrey
Chief Executive Officer