



Submission on Interim Consultation Paper Regulated Retail Electricity Prices 2013 - 14

1.1 Matters to Consider

- (b) The effect of the price determination on competition in the Queensland retail electricity market;
- When determining electricity prices QCA needs to have regard to the fact that there is no competition in the retail electricity market in most of rural Queensland. Therefore, irrigators have absolutely no option but to take the prices of the monopoly operator – in our case Ergon Energy.
- (c) The matters of the terms of reference
- (a) Basing each annual price determination on a N + R cost build-up approach;
- Agricultural / irrigation tariffs do not exist within the Energex network tariff structures. It is because of the price being determined on the Energex network tariffs that the agricultural / irrigation tariffs have been deemed obsolete. From the perspective of agricultural irrigation users, the tariffs are NOT obsolete, they are well used. Their deemed obsolescence reflects a failure of the regulatory framework, not a lack of commercial value in agricultural irrigation tariffs.
 - QCA needs to realise agricultural / irrigation tariffs in order to include them in the N + R price determination calculation.
 - Irrigators are base load and predominately off peak users of electricity. As such we do not contribute to critical peak load.
- (b) The Queensland Government's Uniform Tariff Policy (UTP);
- While we support the general principles of the UTP, QCA needs to recognise that it is this policy, through Energex not having any agricultural / irrigation tariffs in its network tariff structure that has deemed our agricultural / irrigation tariffs obsolete.
 - Energex and Ergon Energy must work together to include agricultural / irrigation tariffs as part of their network tariff structures
 - The retention of Agricultural / irrigation tariffs is integral to the sustainability of our agricultural sector and to the Queensland Government pledge to support the growth of Agriculture as one of the four pillars of the state's economy.
- (c) Transitional arrangements for the standard residential tariff (tariff 11) and existing obsolete tariffs
- We acknowledge that the Minister has asked QCA to consider the need for transitional irrigation tariffs
 - It should be recognised that irrigators are base load and off peak water users and as such they should have access to specific flat rate and time of use irrigation tariffs which provides them with the incentive to continue using water in a way that minimises network load.
 - It is imperative for the Queensland Government to support its farmers by RETAINING at least two (2) agricultural / irrigation tariffs which should be developed in consultation with CANEGROWERS and other peak agricultural industry bodies

- Ideally the two agricultural / irrigation tariffs should take the form of:
 1. Time of Use Tariff – Irrigators using the now obsolete / transitional farm / irrigation time of use tariffs already have the metering and irrigation infrastructure in place and should be incentivised in the form of an irrigation time of use tariff to continuing using their water in this way.
 2. Flat Rate Tariff – Irrigators using the now obsolete / transitional irrigation flat rate tariffs are base load users who pump at a steady rate every day for a set time period. The majority also fall into the definition of a Large User as they are using overhead irrigation systems to irrigate large areas. If forced off of the existing flat rate irrigation tariffs these irrigators will see increases of in excess of 200% on their existing electricity bills.
 - Retaining a flat rate irrigation tariff will alleviate the need for irrigators to be forced onto Large User tariffs which will ultimately send them broke. It will also ensure that they are able to fully utilise the costly metering and irrigation pumping infrastructure which they have built on their farms specifically for these tariffs.