



Queensland Competition Authority
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Email: electricity@qca.org.au
9-8-2013

Re Submission on Regulated Retail Electricity Prices for 2014-15

Thank you for the opportunity to provide this brief submission on the Interim Consultation Paper *Regulated Retail Electricity Prices for 2014-15*.

Cotton Australia represents the interests of Queensland's cotton producers and ginners, and is also a member of the Queensland Farmers Federation (QFF). In addition to this submission Cotton Australia endorses the submission lodged by QFF.

Cotton Australia does not have the specific economic skills to allow it to comment usefully on a number of the technical pricing issues covered in the Interim Consultation Paper, however with electricity cost for irrigators such as cotton growers increasing by over 200% since the Year 2000, and with the capacity for the introduction and transition to demand based tariffs to increase electricity costs by a further 270%, cotton growers are vitally interested in electricity pricing.

Cotton Australia does not believe that a pricing determination system that consistently delivers price increases far in excess of CPI, year-after-year, can be right, nor can it accept an approach that will force users on to demand based tariffs and the associated massive increases in charges, unrelated to use.

While Cotton Australia understands that the QCA is largely bound by its Delegation and Associated Terms of Reference, it believes the Authority has an obligation to report any inequities in pricing to the Queensland Government.

To put it quite simply, to continue to move prices towards the current definition of Cost Reflectivity will make the use of electricity for irrigation uneconomic, and will result in reduced agricultural production and "stranded" electricity assets.

Cotton Australia calls on the QCA to:

- Determine the best way to encourage retail electricity competition in Ergon serviced areas, possibly by applying the Government CSO to Ergon distribution rather retail.
- Ensure Network Charges for Very Large Customers are not applied in a way that makes electricity uneconomic for businesses west of the Great Dividing Range.

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- Ensure that Network and Retail Tariffs have a time-of-use component that provides a meaningful incentive for off-peak use.
- Ensure that as part of the Transition process, price increases for Transitional Tariffs are capped at no more than CPI.

Yours sincerely,

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