



9 December 2011

Queensland Competition Authority  
GPO Box 2257  
BRISBANE QLD 4001

Dear Sir/Madam

**Re: Draft Methodology Paper for Regulated Retail Electricity Prices**

CANEGROWERS is the peak representative body for Australian sugarcane growers, with membership of over 80% of growers.

Electricity is a major cost item for sugarcane production and we conservatively estimate that our 3,000 Queensland cane enterprise members would incur electricity accounts ranging from \$5,000 to \$20,000 per annum directly, with additional indirect charges from bulk and distribution water suppliers such as SunWater, Pioneer Valley Water Board, North and South Burdekin Water Boards and other water service providers who deliver reticulated irrigation water to cane growers.

We note that, in Energex schemes, all large consumers (above 100MWh per annum) in South East Queensland (Energex Network Area) will no longer have access to volume based electricity supply Tariffs 20 and 22 after 1 July 2012. We further note that large users (above 100MWh per annum) in Regional Queensland (Ergon Network Area) will still be able to access notified prices after 1 July 2012.

Given that the irrigation providers such as SunWater pass on all electricity costs to the end user, we request that the decision to allow irrigation providers access to notified prices be highlighted in the final report and that the flow through effects on cane growers are considered in future reviews.

CANEGROWERS is very concerned at the loss of tariff options for growers. We have mapped some of the Ergon tariffs across to the suggested Energex tariffs, but are unable to make real comparisons because the retail component of the Energex tariff is not yet available.

For the Ergon irrigation tariffs, many growers have set up their farms to take advantage of off-peak tariffs and have overcapitalised their irrigation equipment to do so. Other growers have made the conscious decision to irrigate 24 hours a day and made capital irrigation decisions on this basis, given the tariffs available. The removal of tariffs could adversely affect growers and require them to make considerable capital changes to adjust.

Most cane growers have multiple pumps, electricity meters and use multiple tariffs. We are extremely concerned that insufficient credence has been given to our request for a three year transition period by QCA. We fear that the electricity supply companies will not be in a position to make any required changes to affected electricity customers before 1 July 2012, or to change over supply meters where required.

We reiterate that we believe that, to allow customers to adjust to a new regime, the intent needs to be signalled in the first year, with the full impacts phased in over three years in order to allow cane growers facing significant changes to adjust before the full impact is felt. This will minimise unnecessary cost and upheaval.

CANEGROWERS is a member of the Queensland Farmers' Federation and also relies on its submission on this matter.

Should you wish to discuss any aspect of this submission, I can be contacted on 07-3864 6444 or by email [ron\\_mullins@canegrowers.com.au](mailto:ron_mullins@canegrowers.com.au) .

Yours faithfully



Ron Mullins  
CHIEF OPERATING OFFICER