BUNDABERG REGIONAL IRRIGATORS GROUP
REPRESENTING MEMBER IRRIGATORS IN THE BUNDABERG IRRIGATION AREA

ABN: 86 137 318 631
Postal Address: PO Box 953,
Bundaberg Qld 4670
07 4151 2555 P
07 4153 1986 F
BRIG@bdbcanegrowers.com.au E

13/04/2012

The Chief Executive
Queensland Competition Authority
Level 19, 12 Creek Street
GPO Box 2257
BRISBANE QLD 4001

Dear Sir

Re: Draft Determination Regulated Retail Electricity Prices 2012/13

BRIG is extremely disappointed that the closing date for submissions is 13 April 2012. We have had 13 days to read, digest and comment on this extremely complex and very important issue. Given that the Easter holidays formed part of the 13 days our angst on this issue has been compounded.

We have had insufficient time to prepare a range of real data case studies to determine the impact of tariff changes on irrigation system design and cost.

We are uncertain as to whether the definition of "customer "used in the draft determination refers to a single point of supply. We would appreciate clarification as most irrigators have many points of supply.

We believe that implementation of the tariff changes for irrigators identified in the draft determination will encourage irrigators to use more power in peak times. We doubt that this reflects true energy costs and believe it to be a perverse outcome and will not address current peak load issues.

We will be undertaking further examination of the draft determination and will submit that at a later date when it is complete.

With reference to Tables 2.2, 2.3 and 2.4 we have been able to undertake some rudimentary cost comparison using real data as follows: (Note this is data for single pump sites)

	<u>Old Structure Tariff 65</u>		
Tariff peak	Tariff off peak	fixed charge	
$ 0.2362	$0.1301	$ 15.2	
3034	2734	3	
$716.6308	$ 355.6934	$ 45.6	$1,117.92

New Structure Tariff 22

Tariff peak	Tariff Off peak	fixed charge	Total
0.20159	0.18062	110.86	
3034	2734		
$611.62	$ 493.82	$ 110.86	$1,216.30

Old Structure Tariff 62

	Tariff peak	Tariff off peak	fixed charge	
	$0.2961	$0.1047	$16.72	
Low use Aut/Winter	600	600		
	$177.66	$62.82	$16.72	$257.20
High Use Sp/Summer	750	3000		
	$222.08	$314.10	$16.72	$552.90

New Structure Tariff 22

	Tariff peak	Tariff Off peak	fixed charge	Total
	$0.20159	$0.18062	$110.86	
Low use Aut/ winter	600 $120.954	600 $108.372	$110.86	$ 340.19
High use Spring	750 $151.19	3000 $541.86	$110.86	$ 803.91

BRIG notes that on our rudimentary calculations that the increase for converting tariff 65 to the new tariff 22 is circa 8% and from converting tariff 62 to the new tariff 22 is circa 41%.

We further note that QCA estimate that Tariff 66 will increase by an expected 337%. ($10,320 per annum)

These increases are very alarming and in our view have not been adequately assessed.

We question the assumptions used in Table G.4 page 120.

QCA assumptions for the percentage of low and high tariff seem to be low during the irrigation season. For the majority of the growers the high use tariff is used at the start and end of an irrigation run (winch) and to run furrow irrigation during the day as it is not affected by wind. The low tariff is mainly used for the winches at night when the wind is less.

A perverse outcome from the day and night tariffs being closer together is that growers may change their irrigation habits and apply more irrigation via winches during the day increasing evaporation and wind impacts affecting uniformity, which would lower grower water use efficiency (t/ha/ML). This would also increase the amount of peak load use that ERGON Energy would need to supply, leading to shortages in network capacity.

For the Tariff 62 example above the low tariff was 68-78% of the total bill during the peak irrigation season. During the other periods the grower tended to be more evenly split with approximately 45-55% use of the low tariff.

Tariff 62 compares well with Tariff 22 as they are the same time use tariff. The move from Tariff 65 to Tariff 22 is not as easy as tariff 65 is based around a fixed 12 hour period of low and high cost. The move to Tariff 22 may result in increased electricity charges as there will be a greater proportion of the charges in the high cost charge compared to Tariff 65 when used for the same time. Irrigators are unlikely to alter irrigation start and finish times to suit the new tariff as they are unable to reduce the time it take for an irrigation run to complete each pass.

The move from Tariff 66 to either Tariff 41 or 22 may require additional irrigation infrastructure to be purchased to reduce the impacts of higher charges and reduced tariff options.

Table G.4 page 120 for Tariff 66 does not have the recommended QCA interim increase for 2012/13 before moving to the new tariff structure.

BRIG questions the flat retail margin of 5.7% across all users. This appears to be at odds with stated objectives and standard commercial practice.

BRIG is extremely concerned as to how the impacts of the tariff changes and the carbon tax from July will affect SunWater electricity charges to BRIG members. In our view we will get significant increases in our water charges as well.

Please call should you require further information or clarification.

[redacted]

Dale Holliss
Company Secretary