CANEGROWERS
ISIS

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Queensland Competition Authority
GPO Box 2257
BRISBANE QLD 4001

electricity@qca.org.au

Dear Sir/Madam

Re: Draft Determination
Regulated Retail Electricity Prices for 2015-16

CANEGROWERS Isis Limited is the local organisation representing 200 sugarcane growers supplying the Isis Central Sugar Mill near Childers. The Isis Central Sugar Mill is grower owned and therefore the sugarcane growers, for whom CANEGROWERS Isis acts, have a large investment not only in primary production but also in manufacturing. The future viability of the Isis sugar industry is dependent on remaining profitable, whilst competing in an uneven world market environment because 90% of Australia's sugar production is sold overseas.

Opening comments –
Firstly, we would like to make a comment on the proposed merger of Powerlink and Ergon as flagged in the media. It is our opinion the merger will not deliver significant efficiency gains given the fact the government has announced there will be no job losses in the public sector.

Secondly, we suggest that these two organisations be brought back under direct Ministerial control. Corporatisation was only envisaged as a step towards privatisation, which is now no longer acceptable to the electorate.

Referring now to the draft determination, CANEGROWERS Isis wishes to provide the following comments.

Framework to determine notified prices
CANEGROWERS Isis disagrees with the QCA determination that south east Queensland Standing Offers be used as a basis for setting notified prices for regional Queensland customers.

Standing Offer prices will largely be taken up by non-price sensitive customers (e.g. Solar bonus scheme and small users) and as such will be set artificially high. This would be inconsistent with the Uniform Tariff Policy (UTP) as regional customers would not have equivalent prices with south east Queensland customers.

We believe the benchmark should be a weighted average of all available south east Queensland customer prices, to be consistent with the statement in the Minister's delegation

(Appendix B) that "the government's preference that the prices regional customers will pay are consistent with prices paid in south east Queensland."

QCA's assertion in relation to QCOSS's suggestion that this would lead to prices for regional Queensland being further below cost is not valid or relevant while the UTP is in place.

At this point, I wish to restate CANEGROWERS support for the retention of the UTP for regional Queensland customers.

Network tariffs
Irrigation customers who have requested relief from electricity charges where drought declaration is in force and who have changed tariffs, need to be able to return to the tariff they were on, including Tariff 22 if they so wish, at the end of the drought declaration. Those customers previously on Tariff 22 should not be forced onto Tariff 22A during the transitional period.

Further, we strongly recommend that Irrigation customers currently using Tariff 22 be entitled to the same transitional timeline to transition from this tariff similar to the rules applying to all other obsolete irrigation tariffs (2020). The two-year timeline to transition, set by QCA, is too short a period for the irrigators to make and implement the necessary on-farm infrastructure decisions and changes.

Tariff 22A (Table 17)
CANEGROWERS Isis is concerned with the QCA's recommendation for regulated tariffs and prices of Tariff 22A. We propose for QCA's serious consideration a slight variation in the charges for the shoulder and peak rates as defined in Table 17. A reduction in the shoulder charges compensated by an increase the peak rates (e.g. an increase of 6c/kWh in the peak rate and a reduction of 9c/kWh in the shoulder rate) would be a welcome and necessary change that would accommodate the irrigators' need to commence irrigation during daylight hours.

A better system of charging
CANEGROWERS Isis would like to propose an alternative to the irrigators making a choice of tariff and then changing tariffs throughout the irrigation season depending on climatic conditions. Most irrigators initially chose a tariff that suited the on-farm infrastructure designed to irrigate their farm however, seasonal variability in rain and water available for irrigation can influence an irrigator's decision to change tariffs during the year. Most changes occur in retrospect.

Therefore, we propose that irrespective of the tariff chosen by the irrigator, ERGON should determine the most economical irrigation tariff each quarter and charge each customer appropriately for that quarter's usage.

If ERGON was agreeable, this approach to charging for electricity consumption for irrigation would definitely lead to higher usage, improved production, more profitable and sustainable farmers, more stable regional employment and an improvement in the regional economy.

It is certainly a worthy proposal to be examined for the obsolete tariffs that will be phased out by 2020. Last year's electricity bills resulted in every cane farming enterprise in the Wide Bay Burnett region suffering a financial loss for the year. If ERGON was agreeable to our proposal it would help restore irrigator confidence that despite their irrigation pattern they would always be charged the most economical rate.

CANEGROWERS Isis supports the continuation in choice of tariffs for irrigation but an irrigators' viability should not depend on the choice of tariff in advance of the event. No one season is the same and irrigation demand can vary up or down by 100 per cent. However, the appropriateness of tariff choice is not known until the end of the irrigation season.

CANEGROWERS Isis sees considerable benefit of such a proposal. The irrigator always gets the best tariff available and ERGON's sales of electricity are more certain. It is our opinion that the proposal has ERGON and irrigators working together for better outcomes.

Yours faithfully

W M Stanley

Wayne Stanley
MANAGER