

Our Reference: DM-#6284525
Your Reference:
Contact Officer: Alan Kleinschmidt
Telephone: 07 4688 6975

Queensland Competition Authority
GPO Box 2257
Brisbane Q 4001

27 February 2015

Dear Sir/Madam,

Toowoomba Regional Council Water and Waste Services Group Submission in Response to Draft Determination Regulated Retail Electricity Prices 2015-16

General

Toowoomba Regional Council is a significant Ergon customer and electricity consumer with several CAC and SAC Large accounts currently on transitional tariffs 22 and 20 respectively, and a range of other large and small accounts on various cost reflective and transitional tariffs.

As such Council has taken a keen interest in regional electricity pricing decisions, more so since the introduction of cost reflective pricing principles. Council has repeatedly expressed its concerns in relation to the loss of access to time-of-use pricing for large electricity consumers and the very significant cost impacts on Council's operational costs, particularly in relation to water supply pumping activities. As the Commission is aware, Council has repeatedly expressed concerns about the basing of cost reflective tariffs for large consumers on Ergon network charges which have historically not incorporated any time-of-use component. This approach does not send appropriate pricing signals, is inconsistent with the stated industry position of reducing growth in peak network demand and unreasonably penalises large electricity consumers, such as Council, who have structured their operational regimes to take advantage of time-of-use tariffs under the now unavailable tariff 22.

Council is pleased to note the Ergon has made significant progress towards addressing this matter with its proposed seasonal time-of-use demand tariff for SAC Large accounts, as reflected in the Commission's proposed tariff 50, and strongly supports the proposed extension of seasonal time-of-use demand tariffs to CAC accounts in 2016-17.

3.2 Network tariffs for residential, small business and unmetered supply customers

Council questions the decision to maintain the Energex fixed charge and reduce the Ergon distribution consumption charges because of the additional cost imposed on Councils existing tariff 22 accounts. Council's preliminary analysis indicates that for any account that operates greater than 80% off-peak, the proposed tariff 22A will result in increased electricity costs, and that these increases will be greater if summer peak periods cannot be avoided.

3.3 Network tariffs for large business and street lighting customers

As per General comments above, Council strongly supports Ergon's proposed seasonal time-of-use network charges for SAC Large accounts and the Commission's incorporation of the proposed network charges in the proposed tariff 50. Council strongly encourages the expansion of seasonal time-of-use network charges to CAC accounts and incorporation into cost reflective CAC customer tariffs at the earliest opportunity.

However it is noted that there is a lack of clarity about the demand charges applicable to off-peak times during the summer months. Advice from Ergon Energy (20/2/15) indicates that a zero charge applies to demand between 8 pm and 10 am in the summer months. This position is not clearly stated in either the draft pricing determination or the draft Gazette Notice (Appendix H). The final decision should remove any ambiguity about the application of demand charges under the proposed tariff 50, with specific reference to off-peak periods during the summer months.

Any queries or further correspondence in relation to this submission should be directed to Mr Alan Kleinschmidt, Manager Water Operations on telephone (07) 4688 6975, or at email Alan.Kleinschmidt@toowoombaRC.qld.gov.au.

Yours faithfully,



Kevin Flanagan
General Manager Water and Waste Services