

7 December 2016

Professor Roy Green
Chair
Queensland Competition Authority
GPO Box 2257
BRISBANE QLD 4001

Via online upload at: <http://www.qca.org.au/submissions>

Dear Professor Green

RE: Regulated Retail Electricity Prices for 2017-18

Thank you for the opportunity to provide a submission on the interim consultation paper *Regulated Retail Electricity Prices for 2017-18*.

This submission is made on behalf of the members of the Australian Sugar Milling Council (ASMC). ASMC is the peak policy body for Australian sugar milling companies, representing over 95% of Australian raw sugar production. Twenty four mills continue to operate in Australia today, and are collectively the largest source of biomass based renewable electricity in Australia.

ASMC's previous positions articulated over the last 3-4 years remains current on the following issues. That is, we do not support:

- Ongoing escalation of transitional tariffs, based on the 'network + retail' (N+R) model, when the fundamental assumptions of the Ergon model are flawed. ASMC has raised this concern over several years, including providing research conducted by Bruce Mountain (CME) throughout the consultation process in 2015. No response to this work has been received to date; and
- The inclusion of 'headroom' for Ergon Electricity Retail.

Of particular concern this year, QCA has highlighted considering transitional arrangements for tariff 47 and 48, and potentially closing these to new customers. Over the last 12-18 months, Ergon has encouraged sugar mills to access tariff 48 during the non-crush season, where milling site loads are low and highly predictable, based on the capacity to switch between tariff 48 and tariff 22. For some mills, the impact of closing tariff 48 may be as high as a 57% price increase, before any projected tariff escalation. Hence ASMC does not support closing these tariffs to new users, where existing users may lose the capacity to switch between tariffs.

Should you have any further queries regarding this submission, please contact Ms Sharon Denny, Senior Executive Officer, on (07) 3231 5003 or Sharon.denny@asmc.com.au.

Yours sincerely

Dominic V Nolan
Chief Executive Officer