CANEGROWERS
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Queensland Competition Authority
GPO Box 2257
BRISBANE Q. 4001

Re: Response to Draft Determination

Dear Sir/ Madam

Thank you for the opportunity to respond to the draft determination for electricity prices. While the proposed fall in prices is encouraging we believe that electricity is still too expensive for everyone, especially commercial users. Due to the practice of charging more than the actual generating and transmission costs the current system acts as an input tax on business leading to higher production costs. This has severe consequences for the international competiveness of all businesses whether they export or supply the domestic market. The impact of this proxy tax is felt at local, regional and national levels by way of lost production and job losses.

Currently sugar prices are declining and farmers will have to reduce costs to stay viable. Irrigation is one of the inputs that growers economise on and a fall in the transitional tariff prices would allow them to use more electricity. We do realise that these tariffs do not recover all of the fixed costs but they more than pay the variable cost component. A fall in their price would lead to a greater increase in consumption and an improvement in Ergon's net cash position.

There does not appear to be a suitable time of use tariff for irrigators after 2020. Initially T24 looked appealing but trials have proved otherwise. In some cases costs will double under this tariff thus making irrigation prohibitively expensive. The marginal cost of irrigating during peak periods far exceeds the marginal revenue gained. We need a TOU tariff that is economical to use in both peak and off-peak periods.

Some of our members are now finding that they will be classed as large customers after 2020 due to occasionally exceeding the 100mW threshold in drought years. If the threshold cannot be raised we believe that they should only be reclassified if they exceed it in three consecutive years to alleviate the drought factor. We have previously argued that large customers should also benefit from the UTP for the sake of regional competiveness. Our first impression of the Large Customer Adjustment Program is that it is totally inadequate for all users due to its insufficient funding. Many of these will be forced to close or relocate to SEQ when the transitional tariffs cease. Most of these businesses are large employers and their loss to our regional communities will be devastating. The only way to overcome this is to allow them access to Energex prices.

Sincerely,

Angela Williams
Manager
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