

9th January 2020

Professor Flavio Menezes
Chair
Queensland Competition Authority
GPO Box 2257
Brisbane Qld 4001

Online submission: <http://www.qca.org.au/Submissions/Electricity>

Dear Professor Menezes

Re: Interim Consultation Paper – Regulated Retail Electricity Prices for 2020-21

Kalamia Cane Growers Organisation Ltd (KCGOL) is appreciative of the opportunity to provide commentary in relation to Queensland Competition Authority's Interim Consultation Paper as well as issues our organisation considers relevant that directly impact our members when determining retail electricity prices for 2020-21 in regional Queensland.

By way of background Kalamia Cane Growers Organisation is a not for profit, member focused service association. KCGOL represents approximately 130 sugar cane growing entities in the Burdekin region. At present, these growers supply approximately 1.60 million tonnes of cane annually to Wilmar's four sugar mills. The principal objective of KCGOL is to improve and sustain the profitability and viability of its sugar cane growing members, the sugar cane industry and the Burdekin region.

The Burdekin region is the largest sugar producing area in Australia with sugar cane production covering an area of some 80,000 hectares. Availability to cost effective electricity for irrigation from an extensive water supply network system is critical to successful farming operations in this region.

The sugar our members produce from the cane they grow is exported which puts them in the unenviable position of being a "price taker" currently being subjected to depressed world market prices, exposed to a global surplus commodity as well as competing with overseas producing countries that provide unfair subsidies. Therefore any financial impost placed on members cannot be simply "passed on" to an end user, with farmers currently struggling to absorb escalating costs in inputs such as electricity, water, fertiliser, rates etc. all at a time when current world price for sugar is at best average and in some instances below the "cost of production" threatening ongoing viability.

KCGOL is supportive of provision of lower network costs when determining proposed retail tariffs for the Ergon network 2020-2021 and acknowledges continuation of UTP methodology is in the best interest of regional Qld consumers to ensure they pay no more for their electricity than similar price structures irrespective of location. However with regional Queensland not having the luxury of competition some current market offers available to SEQ business customers remain more cost effective than that currently provided by Ergon Energy. Following table provides some examples of variance in pricing in South East Queensland as opposed to regional Queensland for business consumers.

SUPPLIER	SINGLE RATE COST / KWH	SUPPLY CHARGE
Ergon Energy	\$0.26875	\$1.3743
AGL	\$0.23910	\$1.2537
Blue NRG	\$0.21800	\$1.3200
Alinta Energy	\$0.23705	\$1.4190

Small business tariffs over the last 2 price paths have resulted in a reduction in usage cost whereas transitional tariffs have remained frozen, further disadvantaging rural customers. KCGOL strongly recommends to QCA that these transitional tariffs also receive the benefit of a similar trend going forward.

KCGO has no objection to introduction of primary default tariffs if consumer makes no nomination at account establishment. Application of tariff 20 for small business would appear relevant on the basis that consumer can amend to a more suitable tariff without any form of restriction or penalty imposed.

KCGO is of the strong belief that prior to expiration of transitional tariffs in July 2021, alternate tariffs must be developed that take into account the specific requirements for agricultural irrigation.

There is clear evidence in the Burdekin Region that the current high cost of grid supplied energy is resulting in our members/growers seeking alternate sources of energy creation with solar installation for irrigation pumps becoming more apparent as a viable alternative.

Your consideration of points that have been raised in our submission would be greatly appreciated.

Yours faithfully



Les Elphinstone
Manager