



Pioneer Valley Water Co-operative Limited.

A co-operative formed under the *Cooperatives Act 1997*.
ABN 55 322 373 770.

PO Box 275
(Level A, 120 Wood Street)
Mackay QLD 4740

Reference: C10/015/10

28 February 2014

Queensland Competition Authority
GPO Box 2257
BRISBANE QLD 4001

By email to: electricity@qca.org.au

Dear Sirs

RE: Regulated Retail Electricity Prices 2014-15

This submission is in response to your Draft Determination of Regulated Retail Electricity Prices for 2014/15.

We refer you to our previous submissions to your Electricity Prices Determinations and would advise that the situation in our business has not changed in regard to the impact of increasing electricity costs. It remains our very strong view that tariffs must be developed that recognise the specific requirements for irrigation as part of meeting the Queensland Government's commitment to build agriculture as one of the four pillars of the economy.

A further 16% increase in transitional Tariff 62 as proposed will exacerbate the situation where we are seeing reduced irrigation water use due mainly to the high cost of electricity. The period October to December 2013 was extremely dry but, with full irrigation allocation available in our scheme, total water use was well below expectations. This may lead to substantial reduction in sugar cane production in the Mackay area for the 2014 crop.

The table below demonstrates the impact of high electricity costs on water use within our irrigation scheme. It shows total water use for our scheme over the October to December quarter for recent years where climatic conditions have been similar to 2013 and where full allocation has been available to customers.

	2001	2002	2009	2013
Rainfall at Gargett Oct to Dec (mm)	176	104	199	87
Total water use Oct to Dec (ML)	12,260	17,531	11,219	9,073
PVWater average electricity cost (\$/ML)	12.55	12.55	17.22	26.27

The electricity cost for 2013 in the above table is based on the transitional tariff under which PVWater is currently supplied. With the projected increase of over 200% for one of our pumping installations under cost reflective tariffs for large business, it is very obvious that our future as an irrigation scheme is in jeopardy. This would have a serious impact on agricultural production in the Mackay area in very dry years.

This combined with information provided to you in our earlier submissions must surely show that the recent rates of increase to electricity costs for irrigation are not sustainable and will continue the decline in irrigation water use and resulting drop in production.

We are providing a submission to your Issues Paper on Retail Electricity Price Regulation in Regional Queensland and trust that it may finally bring about some genuine recognition of the requirement for electricity tariff structures that assist the irrigation sector to increase agricultural production and not have the reverse effect.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'JR Palmer', with a long horizontal flourish extending to the right.

JR Palmer
MANAGER