

Kinchant Dam Water Users Association Inc. (KDWUAI)
Eton Irrigation Scheme
ETON. 4741
ABN: 79 303 244 928

SUBMISSION from the Kinchant Dam Water Users Association Inc. (KDWUAI) Management Committee to the Queensland Competition Authority (QCA) for the determination of regulated retail electricity prices in regional Queensland for 2019-20.

The KDWUAI Management Committee is extremely concerned over the transitional tariffs in regional Queensland becoming obsolete with customers having to switch to a standard business tariff before 1 July 2020. The KDWUAI represents the majority of irrigators on the Eton Water Supply Scheme in the Mackay District. Ergon Energy is the monopolistic supplier of electricity in this District.

New tariffs on 1st July 2020 will not only affect irrigators applying water on farm, but also affect irrigators with regard to the price of irrigation water, especially in the Eton Water Supply Scheme which is based on Kinchant Dam. Water is pumped by 7 electric pumps from the Pioneer River by the Scheme Manager (SunWater) into Kinchant Dam. Very little overland flow is involved in directing water into Kinchant Dam. For irrigation, water is released from Kinchant Dam and pumping with electric pumps is consequently required on many divisions of the scheme's channel to supply irrigators. Hence, the Eton Water Supply Scheme and irrigators are heavily reliant on an electricity supply.

On farm, Irrigators have been using mainly Tariffs 62 and 65 which have been suitable for agricultural purposes in that the tariffs also make allowances for **Peak** and cheaper **Off-Peak** Usage charges.

For example, Tariff 62, Peak period is 7 am - 9 pm weekdays.

Off-Peak usage, Monday through to Friday, 9 pm to 7am has been found to be preferred in the application of water by overhead irrigators and environmentally sound as to the preservation of moisture, avoiding losses due to wind interference and evaporation.

Off-Peak usage on week-ends, Friday night (9 pm) through to Monday morning (7 am) also assists irrigators who either flood irrigate or have low pressure overhead systems e.g. Centre Pivots or Lateral Move irrigators. With wind having minimal effect in these forms of irrigation, large areas can be irrigated in a short period of time and result in efficient economic irrigation.

Currently, the Tariff on offer after 1st July 2020, Tariff 20, flat rate tariff (1st July 2018, cost \$0.29086 kwh), to replace the transitional rural Tariff 62 (1st July 2018, cost Off-Peak \$0.18093 kwh) has been deemed to be inappropriate for irrigators in broad acre conditions. Tariff 20 does not include cheaper Off-Peak usage charges. Therefore, increasing the price per kwh by **62 percent** (increasing from current charges of \$0.18093 kwh to \$0.29086 kwh) would be regarded as excessive and deemed unaffordable with detrimental impacts on agricultural businesses.

Furthermore, the proposed tariff, Tariff 33, which is still being trialled as an option in conjunction with Tariff 20, can only be used for a minimum of 18 hours per day, depending on demand and on the network ability to supply. Tariff 33 allows for electricity to be turned off when it is deemed that

electricity cannot be supplied interfering with the irrigation schedule, causing unworkable operator and irrigation disruptions and inefficiencies.

While the government is committed to customers in regional Queensland having more choice in electricity tariffs, choosing a tariff increase of 62 percent is not one of 'true choice' for irrigation businesses.

Irrigators have already been subject to tariff price increases over the past 5 years and coupling this with a 62 percent increase on 1st July 2020 will have an unacceptable impact on irrigators. This increase will exceed the capacity to pay by irrigators and force irrigators to stop irrigation which will result in a decrease in productivity and threaten farm viability in the Eton Water Supply Scheme.

In summary, changes to proposed electricity tariffs or the development and implementation of separate appropriate and affordable electricity tariffs for the agricultural sector are needed to avoid a decrease in productivity and consequential business failures in the Mackay district.

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