



COTTON
AUSTRALIA

**Regulated electricity prices for
regional Queensland 2025-26**
Michael Murray – General Manager

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Submission prepared by Michael Murray – General
Manager

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ABOUT COTTON AUSTRALIA

Cotton Australia is the peak body for Australia's cotton growers, representing up to 1,500 cotton farms mainly in New South Wales and Queensland but also in the Northern Territory and Western Australia. Cotton Australia works with growers and stakeholders to ensure the Australian cotton industry remains viable.

Cotton Australia supports the Australian cotton industry to be globally competitive, sustainable and valued by the community. It drives the industry's strategic direction, retains a strong focus on research and development, promotes strength of the industry, manages sustainability reporting and implements policy objectives.

1. Executive summary

Cotton Australia welcomes the opportunity to provide this brief submission to the Queensland Competition Authority (QCA) on the draft Regulated electricity prices for regional Queensland 2025-26.

Cotton Australia is an active member of the Queensland Farmers Federation (QFF) and commends its comprehensive submission to the QCA.

Cotton Australia recognises the restricted role the QCA does have in determining the Regulated Regional Electricity prices, given its requirement to use the N+R methodology.

However, despite the above, it urges the QCA to use whatever latitude it may have to recommend to the Minister how this deeply flawed price setting process can be improved.

For Cotton Australia its key specific issues are reflected in the three recommendations below.

2. Recommendations

- 2.1. Small Business Customer/Large Business Customer threshold be lifted to 160Mw/hrs/yr.
- 2.2. That Tariff 49 be available to all Large Business Tariff customers.
- 2.3. That the Peak, Off-Peak and Shoulder designations should be consistent across all tariff with Off-Peak being 11am to 5pm (weekdays) and Peak 5pm-8pm (weekdays).

3. Submission response

Cotton Australia welcomes the opportunity to submit to the Queensland Competition Authority (QCA) Draft Determination for Regulated electricity prices for regional Queensland 2025-26. This will be a very brief submission.

Cotton Australia represents Queensland's 500 cotton producers, many of them who use electricity, primarily to pump irrigation water.

Our users represent a mix of Business Small and Business Large Tariff customers across the Ergon Retail Network.

Cotton Australia is a very active member of the Queensland Farmers Federation (QFF) and strongly endorses the very comprehensive submission provided by QFF.

Cotton Australia has been submitting to the QCA price setting process for well over a decade, and to be brutally honest, it is a frustrating process.

Unfortunately, the QCA process is so regimented and formulaic that although it appears to play a key role in setting what prices regional Queenslanders pay for their electricity, it is no more than a slightly complex spreadsheet, that takes other inputs and punches out the answer.

It is very disappointing that under its delegation it has no capacity to question the key inputs it receives (primarily network costs), nor make direct recommendations on how this inadequate process could be improved.

Despite this, and recognising the frustrating futility of raising these issues, Cotton Australia submits the following key points:

Small Business Customer/Large Business Customer Threshold

The 100Mw/yr threshold that determines the Small Business/Large Business Tariff category is completely inadequate. Depending on what tariff a small user is on, an electricity bill in the order of \$37,000 per year will tip them into the Large Business User category.

When you consider that the Australian Taxations Office definition of a small business is one with a turn-over of less than \$10 million per year, the threshold adopted by Queensland is ludicrously low. Cotton Australia understands that it is within the power of the Queensland government to raise that threshold to at least 160Mw/yr and it recommends that the Government does so. This would allow a significant extra number of customers to continue to access consumption based Small Business tariffs.

Recommendation: Small Business Customer/Large Business Customer threshold be lifted to 160Mw/hrs/yr.

Absence of Volumetric Based Tariffs for Large Business

The almost complete absence of volumetric based tariffs for Large Users imposes a very significant financial burden to users such as irrigators, who are episodic users, as they can only pump (and in doing so use electricity) when the river-flow conditions stipulated in their licences are met.

For example, an irrigator who only gets to pump for one or two days in the month, ends up having to pay demand charges for a whole month.

The table below is an actual example of what a St George irrigator faced just a few weeks ago:

While on different dates, this irrigator has one site that is on the Small Business Flat Rate volumetric Tariff 20 and the other on the Large Business Demand Based Tariff 44.

A-A650931C - Tariff 44	ML Pumped	Usage Charge / ML	Service Fee / ML	Demand Charge / ML	TOTAL CHARGE
Billing Period - (01/03/25 - 01/04/25)	542.38	\$ 13.95	\$ 2.55	\$ 58.04	\$ 74.54 \$ / ML
		7564.48	1385.15	31479.24	
A-159E6579 - Tariff 20	ML Pumped	Usage Charge / ML	Service Fee / ML	Demand Charge / ML	TOTAL CHARGE
Billing Period 20/11/24 - 20/12/24	938.51	\$ 18.75	\$ 0.05	\$ -	\$ 18.80 \$ / ML
		\$ 17,594.88	\$ 44.98	\$ -	
Connection Fee - Charged irrespective of usage.					
Demand charge - charged once usage starts irrespective of when in billing cycle					

At the site on T20, it cost him \$18.80 to pump a megalitre of water, at his T44 site the cost was \$74.54!!

Irrigators have for the past decade, and continue to do so, been disconnecting pumps from the grid and converting them to diesel because of the above costs. Apart from the obvious economic benefit to the irrigator, this makes no sense; an electrical asset is now under-utilised or completely stranded, the irrigator has had to invest in new equipment, our total greenhouse gas footprint is worse for it, and remaining users of the network and the Queensland government through its Community Service Obligation (CSO) has to make up the financial shortfall to Ergon network.

On glimmer of hope in this Draft Determination is the possibility of the creation of a Time of Use (TOU) Large Business Tariff currently designated at T49.

However, the Draft Determination provides no details as to which users will be able to access this tariff, and it is feared access will be restrictive. The proposed Tariff 49 must be available to all large users. In saying this Cotton Australia recognises the relatively high per kilowatt cost. This cost is more manageable, because it is directly related to the amount of energy

used, and thus reflective of the benefit the irrigator will receive from having the opportunity to pump.

Recommendation: That Tariff 49 be available to all Large Business Tariff customers.

Peak, Off-Peak and Shoulder designation lacking consistency and logic

Cotton Australia does not understand how the underlining Network Tariffs, following on into the Retail tariffs can be set with an off-peak window of 11am to 4pm for time of Use Residential customers, but only 11am to 1pm, for Small and Large Business Customers.

This defies logic, either the network is under stress during the longer period, or it is not? Clearly it is not, so why should business customers have such a short window?

Queenslanders are constantly told that the network is awash with electrons during the day, and that would suggest the 11am to 4pm Off-Peak period is correct and should be available to all customers and indeed extended to 5pm (which is when the peak is assumed to start for Business Customers).

While Cotton Australia expects the QCA to respond with another of its “*This is not our issue*”, at the very least it should actively challenge the network on this. A two-hour off-peak window is not likely to be long enough to drive consumer change.

Recommendation: That the Peak, Off-Peak and Shoulder designations should be consistent across all tariffs with Off-Peak being 11am to 5pm (weekdays) and Peak 5pm-8pm (weekdays).

4. Conclusion

Cotton Australia will continue to be an active, if somewhat jaded participant in the QCA Regulated Regional Electricity price setting process. However, it is essential that the price setting process is reformed, so the QCA can actively challenge much of the input that comes from the network and have much more freedom on how the N+R approach is implemented.

It is madness when the design of some tariffs actively drives users off the network. The electricity price death spiral, where, as more and more customers leave the network due to increasing costs, leaves an ever-diminishing pool of customers to meet the costs, further driving exits is not a theory, it is a reality being played across regional Queensland today.

Cotton Australia is keen to work with the QCA and the Queensland Government to improve the process and ensure more equitable access to electricity for all regional users.

For further information regarding this submission please contact Michael Murray, General Manager, Cotton Australia – michaelm@cotton.org.au or 0427 707 868.



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