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Queensland Competition Authority  
GPO Box 2257  
Brisbane QLD 4001

Website: [www.qca.org.au/submissions/](http://www.qca.org.au/submissions/)

Dear QCA Board and Review Team,

Regulated Retail Electricity Prices 2026-27 Interim Consultation Paper

Thank you for the opportunity to provide a submission on the Queensland Competition Authority's Interim Consultation Paper following the delegation by the Minister for Energy on 19 January 2026.

Queensland Cane Growers Organisation Ltd (CANEGROWERS) is a not-for-profit public company with the sole purpose of promoting and protecting the interests of sugarcane growers since its inception in 1925.

CANEGROWERS is the peak body for the sugarcane industry. Our affiliations at the State, National and International level combined with 13 district offices in Queensland ensures that services and advocacy are provided in local communities as well as at the highest levels of industry and government decision-making.

This submission draws on the long history of QCA determinations and stakeholder engagement on regional electricity tariffs, particularly in relation to irrigated agriculture.

### *Executive Summary*

The Minister's Delegation provides a clear policy signal that the existing regulatory framework should evolve to better support innovation, flexibility, and changing patterns of electricity use in regional Queensland. In particular, the Delegation recognises the success of solar-soaker tariffs, the importance of enabling customers to access abundant low-cost daytime electricity, and the risk that customers can be unfairly penalised when transitioning from Small Customer to Large Customer status. The Delegation also establishes an explicit pathway for innovation by allowing consideration of a regulated Electric Vehicle (EV) tariff that does not need to adhere to the standard Network plus Retail (N+R) methodology. In response, this submission focuses on those matters expressly raised in the Delegation and the ICP, as well as one longer standing but equally relevant matter.

CANEGROWERS supports the development of a new regulated EV tariff and submits that this tariff should be designed more broadly as a flexible load tariff, suitable for both EV charging and irrigation pumping. Irrigated agriculture shares key characteristics with EV charging in that both involve flexible, schedulable loads capable of responding to extended low-price windows. Well-designed time-of-use pricing with substantive daytime and overnight low-tariff periods can unlock meaningful load-shifting, maximise utilisation of daytime solar generation, and reduce peak system costs, while remaining consistent with AER tariff principles.

CANEGROWERS supports tariff reform to address the sharp pricing impacts that arise when customers exceed the 100 MWh Small Customer threshold. The current threshold creates a pricing cliff that results in bill shock that is disproportionate to underlying cost changes, particularly for



irrigators whose electricity use is seasonal and weather-driven. CANEGROWERS' first preference is for policy reform to lift the Large Customer threshold to 160 MWh, aligning Queensland with other jurisdictions and better reflecting contemporary agricultural and small business electricity use. This approach directly addresses the root cause of customer detriment and supports the policy objective of encouraging efficient use of low-cost daytime electricity. Recognising that threshold reform may require regulatory or legislative change, CANEGROWERS supports the use of a transitional tariff as an interim risk-mitigation measure. Consistent with the Minister's Delegation, such a tariff should apply when customers first exceed 100 MWh, provide a gradual and predictable transition, and ensure that bills at 100 MWh increase only marginally relative to Small Customer tariffs, converging toward typical Large Customer outcomes by around 160 MWh.

CANEGROWERS requests that the QCA recommend a reassessment mechanism allowing customers who temporarily exceed the threshold to seek reclassification after a subsequent quarter of usage data where annualised consumption is projected to fall below 100 MWh. This would better reflect actual usage patterns, reduce unnecessary bill volatility, and support efficient electrification, while remaining consistent with the intent of the Uniform Tariff Policy.

CANEGROWERS asks that the QCA considers retention of Tariff 22C as it provides a longer and more practical off-peak window. If the proposed EV time-of-use tariff fulfils this requirement, then it would be acceptable to withdraw Tariff 22C given that new tariff would effectively make it redundant.

In addition, CANEGROWERS urges the QCA to critically assess the Small Business Controlled Load Tariff 34. Reducing the usage rate on Tariff 34 is justified on efficiency and equity grounds. Customers on Tariff 34 provide valuable demand flexibility by accepting interruptions and network control, reducing peak demand and deferring network augmentation. A clear price differential is necessary to appropriately value this service, encourage continued participation, and support efficient utilisation of low-cost and renewable generation. If Tariff 34 pricing converges with standard flat-rate tariffs (as is apparent in the trend tariff usage rates), customers bear service constraints without commensurate benefit, undermining a proven demand management mechanism and increasing long-term system costs.

Finally, CANEGROWERS also calls on the QCA to assess and publicly comment on the competition impacts of the current CSO delivery model as well as to recommend that Government considers transitioning the CSO to the network, potentially through a staged or pilot approach.

### *Introduction and policy context*

The Minister's Delegation for the 2026–27 regional electricity price determination provides a clear and deliberate policy signal that the existing regulatory framework should better support innovation, flexibility and changing patterns of electricity use in regional Queensland. In particular, the Delegation explicitly recognises both the success of existing solar-soaker tariffs and the growing importance of tariff structures that enable customers to make use of abundant, low-cost daytime electricity as renewable generation increases. It emphasises the need for Ergon to be more responsive to customer needs and for the regulatory framework to accommodate new tariff designs that better reflect contemporary usage patterns and system conditions.

The Delegation establishes a specific pathway for innovation by allowing the consideration of a regulated Electric Vehicle tariff that does not need to satisfy the standard Network plus Retail (N+R) cost build-up methodology. This explicit flexibility reflects the Minister's intent that, where tariffs deliver broader system benefits – such as improved utilisation of renewable energy and better alignment between supply and demand – the QCA should be willing to consider alternative approaches to



traditional pricing methodologies. This submission responds to that intent and the Interim Consultation Paper by proposing tariff designs that leverage this flexibility to deliver improved outcomes for both customers and the electricity system.

In addition, the Minister also recognises the risk of customers being unfairly penalised when transitioning from Small Customer to Large Customer status, noting that bill increases driven purely by reclassification – rather than inefficient consumption – undermine fairness and confidence in the pricing framework. The Delegation accordingly directs the QCA to consult on tariff options that smooth this transition and avoid abrupt pricing cliffs as customers cross the 100 MWh threshold

Our submission focuses on matters expressly raised in the Minister's Delegation and the ICP which are directly within scope for the QCA, as well as a longer standing matter that requires attention for advancement of regional competition:

1. The creation of a new regulated Electric Vehicle (EV) tariff, and how this can be designed to also support irrigation loads that can utilise abundant daytime solar generation.
2. The design of a tariff to smooth the transition from Small Customer to Large Customer classification.
3. Improvements to the customer classification framework, including a mechanism for reassessment where customers temporarily exceed the 100 MWh threshold.
4. Obsolete retail tariffs.
5. Considerations for Tariff 34 (Small Business Controlled Load)
6. Community Service Obligation allocation to enable retail competition in regional Queensland.

## 1. Innovative Time-of-Use tariff opportunity

Organised agriculture has long advocated for affordable tariffs that support competitive and productive regional businesses, including food and fibre production. The sector has consistently articulated a benchmark for affordable electricity at 16 c/kWh. This is not a demand for “cheap power because we're farmers”, but an informed assertion of what could be possible through innovative tariff structures.

The Minister's Delegation provides an opportunity for applying design objectives that align customer use with systems needs incentivising usage in periods of high solar output and/or low demand, and away from peak periods. We believe that an affordable tariff can be designed that remains consistent with AER tariff principles which is cost-reflective, encourages efficient use of the network, supports DER integration (solar, batteries) and reduces peak augmentation needs.

CANEGROWERS believes that irrigated agriculture shares many of the same electricity-use characteristics as electric vehicle charging both can be flexible with schedulable loads that can be shifted to periods of abundant, low-cost electricity if given sufficiently long and predictable low-price windows. Short or fragmented off-peak periods limit meaningful load-shifting for both EV charging and irrigation pumping, whereas extended low-tariff windows unlock real behavioural change, maximise use of daytime solar generation, and reduce peak system costs. Although irrigation scheduling constraints vary across farms, well-designed, extended low-tariff windows create genuine scope for

operational change. The strong interest in Tariff 22C demonstrated that irrigators will actively shift load when pricing structures are workable, predictable and aligned with on-farm realities.

### *Proposed tariff structure*

With the objective of establishing low-tariff windows that are both substantive and practically usable, and of clearly distinguishing between periods of high supply and low wholesale prices, low demand (such as overnight), intermediate transition periods, and peak demand periods<sup>1</sup>, CANEGROWERS proposes the following time-of-use (TOU) tariff structure for an Electric Vehicle offering. This approach supports reduced-risk price setting for regulators by aligning tariff periods with well-understood system conditions, while providing customers with clear and actionable price signals. Weekdays (Mon–Fri):

#### Super Off-Peak (Solar + Night):

- 10:00 am – 3:00 pm (daytime solar sponge)
- 9:00 pm – 6:00 am (overnight low demand)

e.g. targeting 16c/kWh price

#### Shoulder (all other times):

- 6:00 am – 10:00 am
- 3:00 pm – 5:00 pm
- 8:00 pm – 9:00 pm

e.g. targeting similar pricing levels to Tariff 34

#### Peak:

- 5:00 pm – 8:00 pm

e.g. 'penalty' rate

#### Weekends & public holidays:

- Treat all hours as Super Off-Peak except 5–8 pm, which can be Shoulder. (This reflects generally lower weekend system demand and encourages full-day irrigation blocks.)

While recent trends have been to reduce the number and complexity of tariff offerings, the opportunity for an innovative ToU tariff designed to encourage usage aligned with high solar supply and low overnight demand far outweighs any downside from complexity. Concerns about complexity are best addressed through clear default options, opt-in arrangements and retailer support, rather than by restricting or constraining tariff options that enable customers to respond to lower-cost periods of electricity supply. For customers who cannot respond to load-shifting, the flat rate tariff options such as Tariff 20, or the interruptible Tariff 34 already provide simple options.

## 2. Large customer threshold and transitional tariff

The ICP recognises that customers can experience significant bill increases when reclassified from Small Customer to Large Customer upon exceeding 100 MWh per annum. For irrigators, this threshold can be exceeded due to seasonal conditions rather than structural growth in load. As the Minister states within the delegation letter, "Customers should not be penalised just because they have increased their electricity use above the small customer threshold."

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<sup>1</sup> Periods designed to secure strong price signals as well as sufficiently long time-of-use windows.



CANEGROWERS along with QFF and other peak bodies have long called for an adjustment to the Large Customer threshold to 160MWh. The current 100 MWh cliff creates bill shock that is out of proportion to the underlying cost change. Classification shouldn't be a pricing trap, especially when usage rises for productive activities (irrigation, on-farm processing, EV charging, etc.). The proposed 160 MWh is not radical – other jurisdictions already recognise higher thresholds for “small” customers (e.g. South Australia at 160 MWh, Tasmania higher than 100 as well).

Irrigation loads are often seasonal and weather-driven, and a threshold based on annual consumption is a blunt instrument. For irrigators, annual MWh can spike for various reasons such as prolonged dry periods, high heat, water delivery constraints, or crop stage timing. So a hard annual threshold creates perverse outcomes: customers can be pushed into 'large customer' pricing because of one tough season, not because they've become a structurally different kind of customer.

A higher threshold also supports the policy intent of “solar soaker” / daytime utilisation. The Minister calls out the success of solar soaker tariffs and the desirability of letting customers access cheaper daytime energy. If irrigators respond strongly to soak up low-cost daytime supply, we don't want them fearing that “using electricity when it's cheap” might tip them over the regulatory cliff.

While the Authority does not have the power to amend customer classification thresholds, the Minister's Delegation and the Electricity Act clearly empower the QCA to identify structural issues affecting tariff outcomes and to recommend regulatory or legislative reform. In this context, CANEGROWERS submits that the 100 MWh threshold is a key driver of customer detriment and that increasing the threshold to 160 MWh would better align tariff eligibility with contemporary agricultural and small business electricity use.

Within the context of this submission, a transitional tariff, as proposed within the Delegation, is supported by CANEGROWERS if it is planned as an interim risk-mitigation mechanism, rather than a substitute for reform of the threshold itself. Consistent with the Minister's Delegation, such a transitional tariff would apply when a customer first exceeds 100 MWh, incorporate a combination of fixed, volumetric and demand charges, and be calibrated to ensure that bills at 100 MWh increase only marginally relative to Small Customer tariffs. Charges would then progressively escalate so that, by around 160 MWh of annual usage, bills converge toward those of a typical customer on Tariff 44A. The transitional tariff should also be combined with an option for customers within the range of 100 MWh to 160 MWh to access Small Business Time-of-Use tariff options.

Critically, this graduated approach avoids the sharp pricing cliff created by the current threshold, providing customers with certainty and predictability while preserving appropriate price signals as usage grows. As a transitional measure, it would protect customers from short-term or seasonal classification impacts and support efficient electrification, while allowing Government and regulators to consider whether adjustment of the threshold itself is the more durable long-term solution.

### 3. Mechanism for reversion to Small Customer

CANEGROWERS requests the QCA to recommend a reassessment mechanism whereby a customer reclassified as a Large Customer may request a reassessment after one quarter (3 months) of interval data. Retailers (or the QCA for notified tariff purposes) extrapolate annualised usage based on that quarter, and where projected annual consumption falls below 100 MWh, the customer may be offered to be reclassified as a Small Customer and returned to Small Customer tariffs.



This mechanism would better reflect actual underlying usage patterns, reduce unnecessary bill volatility, and support competition and efficient electrification, all while remaining consistent with the intent of the UTP.

While customer classification thresholds are not explicitly set in the Delegation, the QCA has scope to consider this issue under s 90(5)(b) as a relevant matter affecting competition and consumer outcomes and make recommendations to Government where regulatory or legislative reform may be required, consistent with Schedule clause 2(g) (which explicitly contemplates recommending reforms if a proposed tariff cannot be facilitated within existing settings).

#### 4. Obsolete retail tariffs

CANEGROWERS notes the QCA's request for stakeholder feedback on discontinued and legacy tariffs, including Tariff 22C. CANEGROWERS submits that there likely remains a material cohort of grower members who continue to rely on Tariff 22C due to its longer and more practical off-peak window, which aligns with irrigation pumping requirements and enables meaningful load-shifting away from peak demand periods. Tariff 22C has provided low-tariff periods that are operationally workable for irrigators seeking to utilise daytime solar availability and avoid evening peaks. This functionality, rather than price alone, has underpinned the tariff's continued relevance for many growers.

While CANEGROWERS supports the evolution and modernisation of tariff structures, the withdrawal of Tariff 22C in the absence of a functionally equivalent or superior replacement risks removing an option that has demonstrably facilitated efficient customer behaviour. Many growers have adjusted irrigation schedules and invested in automation in response to the price signals embedded in Tariff 22C. Premature removal could therefore undermine behavioural outcomes sought through tariff reform, including peak demand reduction and improved utilisation of renewable generation. CANEGROWERS therefore advocates that Ergon retain Tariff 22C on a transitional basis until a new regulated EV tariff, or equivalent flexible-load tariff, is available with substantive and predictable off-peak windows suitable for irrigation operations.

In contrast, CANEGROWERS considers that the older obsolete irrigation tariffs 62A, 65A and 66A no longer provide meaningful benefits to customers and do not reflect contemporary system conditions or policy objectives. These tariffs are poorly aligned with current network cost structures and do not provide clear or effective price signals to support efficient electricity use. CANEGROWERS therefore supports the continued phase-out of these obsolete tariffs, with any remaining customers transitioned to the small business flat rate tariff (Tariff 20) as a simple and transparent default option, pending the availability of more suitable time-of-use or flexible-load alternatives.

With respect to large customer tariffs, CANEGROWERS is not in a position to provide a detailed assessment of their suitability or performance, as the organisation has limited direct insight from grower members currently operating on these tariff structures. CANEGROWERS therefore does not seek to comment on the merits or design of large customer tariffs in this submission but would support further consultation with affected customers and industry stakeholders to ensure that these tariffs remain fit-for-purpose and aligned with the needs of large regional electricity users.

#### 5. Reducing the usage rate on Tariff 34 (Small Business Controlled Load)

Tariff 34 is a controlled load tariff that allows the network to manage and interrupt load in response to system conditions. Customers on Tariff 34 provide a valuable demand management service to the network by accepting constraints on when electricity can be supplied. This flexibility reduces peak demand, lowers the need for network augmentation, and improves asset utilisation. A lower usage



rate is an appropriate way to reflect the lower long-run marginal cost of serving interruptible load and the avoided network costs associated with this customer behaviour.

The narrowing of the price differential between Tariff 34 and Tariff 20 – from 68.6% in FY24 and 25 to 73.7% in FY26 – demonstrates that the value of customer-provided demand flexibility is being progressively eroded, weakening incentives for participation in controlled load arrangements. This risks erosion of a proven demand response mechanism that delivers low-cost system benefits. Maintaining a clear price differential in favour of Tariff 34 is important to ensure customers continue to provide flexibility that supports reliability and lowers overall network costs. Customers on Tariff 34 accept material service limitations, including the risk of interruption and restricted availability windows. It is equitable that these customers face a lower usage rate in return for these constraints.

Controlled load is particularly well-suited to aligning consumption with periods of lower wholesale prices and higher renewable generation. Lower usage rates on Tariff 34 can reinforce the role of controlled load in soaking up excess daytime solar or overnight low-demand generation, helping to reduce curtailment and negative pricing events. Tariff 34 is commonly used by irrigators and other regional small businesses with flexible loads. A lower usage rate reduces operating costs for productive electricity use and supports the electrification of irrigation and on-farm processes, which in turn can displace higher-emissions diesel generation. This delivers broader economic and environmental benefits consistent with Queensland's energy transition objectives.

And finally from a regulatory perspective, lower usage rates for controlled load can be justified on cost-reflective grounds because the network cost to serve interruptible, schedulable load is lower than for unconstrained peak load. Recognising this through Tariff 34 pricing reduces the risk of inefficient load migration to uncontrolled tariffs or behind-the-meter generation, outcomes that would increase network costs for all customers over time.

## 6. Community Service Obligation and retail competition in regional Queensland

The Queensland Competition Authority has a statutory role not only in setting regulated retail prices, but also in having regard to the effect of price determinations on competition in the Queensland retail electricity market. In this context, CANEGROWERS considers that the current mechanism for delivering the Community Service Obligation (CSO) under the Uniform Tariff Policy warrants examination, particularly in relation to its impact on retail competition in regional Queensland.

The CSO exists to offset the higher cost of supplying electricity to regional customers relative to South East Queensland, ensuring that customers of the same class pay equivalent prices regardless of location. The principal drivers of this cost differential are overwhelmingly found in the transmission and distribution components of electricity supply, including distance, network density, asset utilisation and reliability obligations. Retail costs, by contrast, do not materially differ on a regional basis to the same extent.

In this context, CANEGROWERS submits that there is a strong policy rationale for the CSO to be directed to Ergon Energy Network, with the primary effect of subsidising regulated network charges. Such an approach would align the CSO more closely with its underlying purpose – namely, compensating for the higher cost of delivering electricity services in regional Queensland – rather than embedding the subsidy within retail pricing outcomes.

Directing the CSO through network charges would also have important competition benefits. Under current arrangements, the CSO is effectively delivered through regulated retail prices, which are primarily offered by the incumbent retailer. This can create structural barriers to entry for alternative



retailers, who must compete against prices that implicitly include a government-funded subsidy. By contrast, applying the CSO at the network level would lower network charges for all retailers on an equal basis, allowing retail competition to occur on wholesale procurement, margins, service offerings and innovation, rather than being distorted by subsidy design.

This approach would improve transparency and price signalling, by making the network-related subsidy more explicit and allowing customers and policymakers to better understand the true cost drivers of regional electricity supply. It would also support the development of innovative and cost-reflective retail tariffs – such as time-of-use and flexible load tariffs – by reducing the underlying network cost base faced by all retailers equally.

CANEGROWERS acknowledges that the redirection of the CSO from retail to network charges would require policy and potentially legislative consideration by Government and is not a change the QCA can implement directly through the price determination process. However, consistent with its statutory obligations and the Minister's Delegation, the QCA is well placed to assess the competition impacts of the current CSO delivery mechanism and to provide advice or recommendations to Government on whether alternative approaches could better support competition, transparency and long-term market development in regional Queensland.

Accordingly, CANEGROWERS requests the QCA to consider, as part of this review or in associated reporting, whether directing the CSO to regulated network charges would more effectively deliver the objectives of the Uniform Tariff Policy while moving the regional electricity market closer to conditions that support sustainable retail competition.

### *Conclusion*

This submission responds directly to the matters raised in the Minister's Delegation and the Interim Consultation Paper and reflects the practical experience of irrigated agriculture with regional electricity pricing. The Delegation provides a clear policy signal that the regulatory framework should evolve to better support innovation, flexibility and changing electricity-use patterns, while maintaining the protections of the Uniform Tariff Policy.

Together, the measures proposed within this submission would improve affordability, reduce unintended bill volatility and support efficient electrification in regional Queensland. CANEGROWERS looks forward to continuing to engage constructively with the QCA and Government as the determination progresses.

Please do not hesitate to contact Chris Gillitt, Farm Business Resilience Project Manager, [chris\\_gillitt@canegrowers.com.au](mailto:chris_gillitt@canegrowers.com.au) if you require any further information in relation to this submission.

Yours Sincerely

Dan Galligan  
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