



5 August 2011

The Chief Executive  
Queensland Competition Authority  
Level 19, 12 Creek Street  
GPO Box 2257  
BRISBANE QLD 4001

ABN: 86 137 318 631  
Postal Address: PO Box 953,  
Bundaberg Qld 4670  
07 4151 2555 **P**  
07 4153 1986 **F**  
BRIG@bdbcanegrowers.com.au **E**

Dear Sir

## **Re: Review of Regulated Retail Electricity Tariffs and Prices**

The Bundaberg Regional Irrigators Group (BRIG) represents member irrigators within the Bundaberg Regional Council Area.

BRIG members farm on approximately 36,000ha and use an estimated 1,100 irrigation pumps and associated distribution systems to irrigate a variety of crops. A significant percentage of these systems (circa 90%) are powered by electricity.

Our submission is based entirely on electricity as it relates to irrigation.

Electricity is a significant cost to irrigators. This cost can be amplified depending on the actual farm location and source of irrigation water in terms of the amount of head that water is required to be pumped and the volume of water required.

### **Should Network and Retail costs be separately identified on a customer's bill?**

BRIG supports the approach to apply the Government's CSO at the distribution level and customers should also be notified of the breakup of the Network and Retail cost components on the electricity bill.

### **Maintaining Alignment of retail and network tariffs**

BRIG suggests that a time frame, for example, 3 weeks from the end of the financial year be given to allow the authority to make the required adjustments.

### **Allocating R Costs to customer groups**

In the past a number of our members have worked closely with Ergon Energy representatives and irrigation equipment providers to have their pumping system designed and matched to the most suitable, sustainable and efficient tariff available. Members regularly check that the supply tariff is the most efficient and cost effective given the constraint of existing irrigation infrastructure.

Intuitively BRIG is of the opinion that the load profile will be flatter than that for other customer's.

BRIG suggests that a review of use patterns for all ERGON customers accessing Tariffs 62, 63, 64, 65 & 66 in the Bundaberg Regional Council area be undertaken to determine how to best allocate R Costs to our members.

One issue that the authority needs to be aware of is that many BRIG members are also charged the energy costs incurred by the State owned irrigation provider SunWater via the “part B” water delivery charge.

### **Recovering R Costs through Individual Retail Tariffs**

BRIG supports the concept that aligning tariff structure with the underlying costs structure should lead to more efficient use of electricity. BRIG contend that for irrigators and bulk users of electricity, that this argument negates the underlying premise for the concept of an inclining block tariff.

### **Transitional Issues**

Significant infrastructure and capital has been installed and is currently operating based on the characteristics of the specific tariff. The downside financial consequences of removing these tariffs may be immediate and severe.

BRIG is concerned that the QCA and their consultants are unaware of the potential quantum of impact that may occur to our irrigators by the removal of the ‘water winch tariff’ and the ‘weekend tariff’ and that this has a real chance of leaving irrigators without an economical supply option.

BRIG further suggest that a period of two years notice any changes to tariff structure be adopted in order to allow for rational and planned upgrade/ replacement or adaption of existing irrigation plant.

We are prepared to assist where possible and would welcome the opportunity to discuss our concerns with the QCA and/or your representatives.

Please call should you require further information or clarification.

Dale Holliss  
Company Secretary