



Pioneer Valley Water Co-operative Limited

NEWSLETTER

Issue 18

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***In this Newsletter
we cover the
following areas:***

- QCA Draft Electricity Prices for 2013/14

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QCA Draft Electricity Prices for 2013/14

The Queensland Competition Authority has released their draft determination for electricity prices for next year, 2013/14. Their full draft report is available on the QCA website at

<http://www.qca.org.au/electricity-retail/NEP/DraftDetermination.php>.

The following are the main points from the draft determination:

- Tariff 11 (General household supply) increase by 21%
- Tariff 22 (Business time of use) increase by 12.5%
- Tariffs 62 and 65 (Irrigation time of use) increase by 17.5%
- Transitional tariffs (62 and 65) to remain for up to 7 years before moving to full cost reflective tariffs.

The only reasonable news in this is that we can remain on the transitional tariffs for our pump stations to give some time to attempt to achieve an acceptable outcome rather than that of being forced onto proposed cost reflective tariffs after the transition period.

Based on the above the following table shows how the impact on our costs to run our pump stations.

Pump stations	Tariff	Pumping cost 2012/13	Pumping cost 2013/14	Increase
Palmyra	62	\$18.60/ML	\$21.90/ML	\$3.30/ML
Silver/McGregor	22	\$24.00/ML	\$27.00/ML	\$3.00/ML
Septimus	62	\$31.00/ML	\$36.40/ML	\$5.40/ML

Cost reflective tariffs

The Australian Energy Regulator has determined that customers using in excess of 100 megawatt hours (MWh) per annum are to be classified as large business customers and must be placed on cost reflective tariffs. A cost reflective tariff is one where the customer pays the "true" cost of electricity supply to the energy retailer without any form of Government subsidy.

All cost reflective tariffs under Ergon Energy include a very low electricity consumption rate but also a demand charge which is based on the installed electric motor capacity at each site. Our Palmyra, Silver/McGregor and Septimus River stations each have three 185 kilowatt (kW) motors while Septimus Relift has two 145 kilowatt motors. All of our stations use in excess of 100 MWh of electricity per annum in most years and certainly in the dry periods.



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The demand based tariff under Ergon is Tariff 44 as follows:

Tariff	Demand charge	Consumption charge	Service fee	Minimum Charge
44	\$34.581/kW/month	11.668 c/kWh	\$262/month	30 kW/month

Based on calculations with our historical electricity consumption data, the following would be our pumping costs under Tariff 44. Also shown is the full cost of irrigation water in our pumped schemes under Tariff 44.

(We will be remaining on Tariff 22 and Tariff 62 for 2013/14)

	Tariff 44 electricity pumping cost	Fixed and usage charge less electricity	Loan Levy	TOTAL
Palmyra	\$42.00/ML	\$41.60/ML	\$23.00/ML	\$106.60/ML
Silver/McGregor	\$52.00/ML	\$42.30/ML	\$23.00/ML	\$117.30/ML
Septimus	\$121.00/ML	\$53.40/ML	\$27.40/ML	\$201.80/ML

From this you can see that we all need to do our utmost to get the message to QCA and to the Government that this level of costs is absolutely unaffordable and will lead to the severe reduction in, if not total closedown of irrigation, in our schemes.

We have been stressing this point very strongly in our submissions to QCA on electricity pricing over the last two years and will continue to do so. We urge you to provide your comments to QCA and to raise this very serious matter with your local member of Parliament as a matter of urgency.

Submissions to QCA on the draft price determination are to be in by 22 March 2013. Please get in touch if you would any further information on the QCA Report.