



Submission

3 February 2021

Queensland Competition Authority
GPO Box 2257
BRISBANE QLD 4001
<http://www.qca.org.au/Submissions>

Submitted online: www.qca.org.au/submissions

Dear Sir/Madam,

Re: QCA Interim consultation paper: Regulated retail electricity prices for 2021-22 (January 2021)

The Queensland Farmers' Federation (QFF) is the united voice of intensive, semi-intensive and irrigated agriculture in Queensland. It is a federation that represents the interests of peak state and national agriculture industry organisations, which in turn collectively represent more than 13,000 farmers across the state. QFF engages in a broad range of economic, social, environmental, and regional issues of strategic importance to the productivity, sustainability, and growth of the agricultural sector. QFF's mission is to secure a strong and sustainable future for Queensland farmers by representing the common interests of our member organisations:

- CANEGROWERS
- Cotton Australia
- Growcom
- Nursery & Garden Industry Queensland (NGIQ)
- Queensland Chicken Growers Association (QCGA)
- Queensland Dairyfarmers' Organisation (QDO)
- Australian Cane Farmers Association (ACFA)
- Queensland United Egg Producers (QUEP)
- Turf Queensland
- Queensland Chicken Meat Council (QCMC)
- Bundaberg Regional Irrigators Group (BRIG)
- Burdekin River Irrigation Area Irrigators Ltd (BRIA)
- Central Downs Irrigators Ltd (CDIL)
- Fairbairn Irrigation Network Ltd
- Mallowa Irrigation Ltd
- Pioneer Valley Water Cooperative Ltd (PV Water)
- Theodore Water Pty Ltd
- Eton Irrigation Scheme Ltd
- Pork Queensland Inc
- Tropical Carbon Farming Innovation Hub
- Lockyer Water Users Forum (LWUF).

The united voice of intensive and irrigated agriculture

QFF welcomes the opportunity to provide comment on the QCA Interim consultation paper for regulated retail electricity prices for 2021-22. We provide this submission without prejudice to any additional submission from our members or individual farmers.

Summary

QFF note the key areas that we wish to address in this submission are detailed below and can be summarised as:

- Loss of Tariffs 62, 65 and 66 for large customers.
- Lack of education for the implementation of new/ replacement tariffs.
- Threshold for large users of electricity needs to be increased to 150- 200 MW.
- Equitable pricing.

Price determination framework

The interim consultation paper delivered on the 12th of January 2021, forms the basis of the future price determination for the Queensland regulated electricity market. However, as it stands, this interim paper falls short in providing any real direction for irrigators who rely on a equitable pricing structure to keep their businesses viable.

Stakeholder consultation is deemed an important part of the price determination framework, but with having zero pricing to work from, and with the QCA awaiting Energy Queensland's pricing proposal, little time is given to the consumers to fully establish what these new tariffs structures will mean to their businesses.

QFF suggests that more education needs to be incorporated into the delivery of stakeholder consultation and agrees with the QCA that stakeholder consultation is an important part of the decision-making process.

Electricity in Queensland is in many regions already reached unsustainable levels, which is putting pressure on food, fibre, and foliage production in this state. QFF have called on the QCA to investigate these unsustainable pricing levels that electricity regulators are including in their cost build up components with many still paying in excess of 16c/kWh. QFF has called on the government and the QCA to implement a price ceiling of 8 cents per kWh for electrons and 8 cents for distribution, bringing the total to a maximum of 16 cents per kWh with no demand tariff and no supply charge. QFF seeks further investigation of the cost build up components utilised for the delivery of electricity, with cost elements that form part of the notified prices steering more farmers to alternative energy sources to provide electricity to keep their farms viable.

As noted in the interim consultation paper (ICP), new retail tariffs that are being introduced (as part of the Ergon Distribution's 2020-25 tariff structure statement), are intended to mirror the obsolete tariffs of 62, 65 and 66 that are due to commence on 1 July 2021, with old tariffs to be grandfathered immediately. The QCA was asked to consider incorporating the grandfathering arrangements for the network tariffs approved by the AER, with the only reference to help consumers is that these new tariffs are only to be available to existing small business customers that accessed the corresponding tariffs at some point between 1 July 2017 and 30 June 2020.

The clarity on the direction of these tariffs and what options irrigators will have, other than that these tariffs will mirror the obsolete tariffs, falls short on the education lacking from the QCA to help users determine what this will mean for the future of their businesses. The loss of tariffs has still not been rectified, nor any further explanations in the interim consultation paper on what 'grandfathering' will actually mean, when these tariffs are no longer available. QFF supports the recommendation in the ICP that the QCA will consider including the terms and conditions outlined in the delegation in the tariff schedule, which will help stakeholders in their decision-making process.



The delegation was also noted to consider other new retail tariffs, such as the business customer basic tariff of >100 MWh pa' network tariff. The *National Energy Retail Law (Queensland)* in combination with the National Energy Retail Regulations) establishes 100Mwh as a consumption threshold for distinguishing between small and large businesses.

This threshold limit within the agricultural industry needs to be amended. The threshold for large users, is currently at the 100Mwh consumption limit, with many irrigators impacted heavily with excessive costs due to exceeding the limit, which in comparison to the same industry in other states is well below the average.

QFF recommends that the threshold for large users be increased to 150 Mwh as a minimum requirement, which will help contribute to keeping Qld as strong leaders for food, fibre, and foliage.

If you have any queries about this submission, please do not hesitate to contact Ms Sharon McIntosh at sharon@qff.org.au.

Yours sincerely

[Insert e-signature](#)

Dr Georgina Davis
Chief Executive Officer