



## Bundaberg Public Hearing

7 April 2016

### Summary of Discussion

The Queensland Productivity Commission held a Public Hearing in Bundaberg on 7 April 2016 to discuss its inquiries into electricity pricing and solar feed-in tariffs, following publication of the Draft Reports. The forum provided interested parties with the opportunity to present evidence and views to the Commission, relevant to the two inquiries.

A summary of those views and associated discussion, prepared by officers from the Commission, is presented below.

#### **Presentation by Dale Hollis, Canegrowers**

##### Key points

- Rapidly rising electricity prices has caused a number of irrigators to turn pumps off.
- Addressing three areas could enhance the viability of the irrigation and agricultural sector, and ensure that the network is not under threat from the death spiral, namely:
  - a write-down of the regulatory asset base (RAB);
  - a review of what cost-reflectivity actually is; and
  - a recognition of the benefits of a suite of food and fibre tariffs for irrigated agriculture.
- The QPC has not offered any real solution to resolving the impact of high prices, which is in turn making off-grid alternative a viable alternative for irrigation.
- The QPC should investigate the mechanics and the pros and cons of writing down the RAB.
- There should be a statutory requirement for the shareholder and network boards to prepare an annual impairment schedule.
- Electricity users should not be forced to pay for a gold-plated system that has arisen because of a perverse application of the rules to get large returns for the state and created a gaming culture on the part of the network businesses.
- Electricity users have had no say in the provision, construction or operation of the electricity network.
- Irrigators are now paying 93% more for electricity than they were in 2009. This is for exactly the same service.
- As a structure for a potential food and fibre tariff:
  - supplier charges should be connection specific and not vary with consumption; and
  - consumption charges should be metered per kilowatt hour consumed.

- There is no valid reason to have a 12 hour peak period for pricing purposes. A three-hour period would be more appropriate.
- In one of its new tariffs, Ergon's shoulder charge is the same price as its peak charge.
- There is no single co-ordinated body which can simply address the problem of high prices.
- Recent findings, particularly by Hugh Grant, doing some work for Queensland Council of Social Services, has identified that Powerlink, and in his view, Energex and Ergon, should cut their overall prices by 40 to 50% which would result in a 35% decrease in power prices for everyone across Regional Queensland.

### **Comments from other attendees**

- There is a need for a transition process to help irrigators adopt renewable technology, and ARENA has a lot of unspent money which could support this transition.
- Irrigators were not able to participate in the Solar Bonus Scheme, yet they are forced to pay for it through their electricity bills. This is unfair and is a tax on production. It also impacts on their competitive position.
- The cost of the Solar Bonus Scheme for some users in the area was up to \$5,000 per year.
- Air conditioners are provided with a far more inequitable subsidy than solar users.
- The National Electricity Law needs to support the development and operation of microgrids.
- The headroom allowance should be phased out, if not abolished.
- There is likely to have been inefficiencies with Energex and Ergon adopting a policy of subcontracting work out, rather than undertaking it themselves.
- In addition to the economic impacts, the social cost of high electricity prices on the community should be considered.
- It has been difficult to make plans for the future when there is no price certainty with electricity prices.
- Having borrowed to invest in new technology, unexpectedly higher electricity prices makes this a regrettable decision.
- There is limited competition in the retail electricity market and the non-reversion policy can penalise you once you leave Ergon.
- Regional electricity boards should be reinstated.