

Our Reference: DM-#6653395
Your Reference:
Contact Officer: John Mills
Telephone: 0407 124 099

Queensland Productivity Commission
GPO Box 12112

George St
Brisbane Q 4003

18 November

Dear Sir/Madam,

Toowoomba Regional Council Water and Waste Services Group Submission in Response to Electricity Pricing and Solar Feed-in.

General

Toowoomba Regional Council is a significant Ergon customer and electricity consumer with several CAC and SAC Large accounts currently on transitional tariffs 22 and 20 respectively, and a range of other large and small accounts on various cost reflective and transitional tariffs.

As such Council has taken a keen interest in regional electricity pricing decisions, more so since the introduction of cost reflective pricing principles. Council has repeatedly expressed its concerns in relation to the loss of access to time-of-use pricing for large electricity consumers and the very significant cost impacts on Council's operational costs, particularly in relation to water supply pumping activities. As previously outlined to the QCA, Council has repeatedly expressed concerns about the basing of cost reflective tariffs for large consumers on Ergon network charges which have historically not incorporated any time-of-use component. This approach does not send appropriate pricing signals, is inconsistent with the stated industry position of reducing growth in peak network demand and unreasonably penalises large electricity consumers, such as Council, who have structured their operational regimes to take advantage of time-of-use tariffs under the now unavailable tariff 22.

Council is pleased to note that Ergon has made significant progress towards addressing this matter with its proposed seasonal time-of-use demand tariff for SAC Large accounts, as reflected in the new tariff 50, and strongly supports the proposed extension of seasonal time-of-use demand tariffs to CAC accounts in 2016-17.

Network tariffs for residential, small business and unmetered supply customers

Council questions the decision to maintain the Energex fixed charge and reduce the Ergon distribution consumption charges because of the additional cost imposed on Council's existing tariff 22 accounts. Council's preliminary analysis indicates that for any account that operates greater than 80% off-peak, the proposed tariff 22A will result in increased electricity costs, and that these increases will be greater if summer peak periods cannot be avoided.

Network tariffs for large business and street lighting customers

As per General comments above, Council strongly supports Ergon's proposed seasonal time-of-use network charges for SAC Large accounts and the QCA incorporation of the proposed network charges in the proposed tariff 50. Council strongly encourages the expansion of seasonal time-of-use network

charges to CAC accounts and incorporation into cost reflective CAC customer tariffs at the earliest opportunity.

CAC Customers

Council understands that Ergon may be considering removing access to notified prices for existing CAC's. Council would request that it is given at least 12 months notice should such a policy be proposed.

Any queries or further correspondence in relation to this submission should be directed to Mr John Mills, Acting Manager Water Operations on telephone 0407 124 099, or via email John.Mills@tr.qld.gov.au.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'John Mills', written over a white background.

John Mills
Acting Manager Water Operations