

Kinchant Dam Water Users Association Inc. (KDWUAI)
Eton Water Supply Scheme
ETON. 4741
ABN: 79 303 244 928

SUBMISSION from the Kinchant Dam Water Users Association Inc. (KDWUAI) to the Queensland Competition Authority (QCA) on the draft determination of the regulated retail tariffs and prices that will apply in regional Queensland from 1 July 2019 to 30 June 2020.

As previously submitted, the KDWUAI is extremely concerned over the transitional tariffs in regional Queensland becoming obsolete with customers having to switch to a standard small business tariff before 1 July 2020. The KDWUAI represents the majority of irrigators with 80% of the water allocation on the Eton Water Supply Scheme in the Mackay District. Ergon Energy is the monopolistic supplier of electricity in this region.

It has been indicated in the draft 2019-20 notified prices that customers on flat rate Tariff 20, would pay around 7.2 per cent less per annum. However, when irrigators have to transition from the commonly used farm **Tariff 62 to Tariff 20**, significant increases occur. On-farm irrigation patterns have been established with farm layouts determined to operate during the evening hours on a time-of-use tariff, efficiently using off-peak tariff. **The increase based on the draft determined tariff costs from Tariff 62 to Tariff 20 will be a substantial 45%.** Operating irrigation systems during the evening hours by overhead irrigators is known to be an environmentally sound practice and an efficient preservation of moisture by avoiding losses due to wind interference and evaporation.

Transitioning from **Tariff 62 to Tariff 22A** with off-peak usage between 8 pm to 10 am during the summer months of December through to February and the same off-peak rate as a flat rate during March to November will involve transitioning to the draft determined off-peak usage rate of 22.394 c/kwh from 16.45 c/kwh (excl. GST). This step-up in cost per kwh will transmit to a **36% increase** in electricity costs to water under irrigators' environmentally practiced and established irrigating systems.

Furthermore, new tariffs on 1st July 2020 will not only affect irrigators applying water on farm, but also affect irrigators with regard to the price of irrigation water, especially in the Eton Water Supply Scheme which is based on Kinchant Dam. Water is pumped by 7 electric pumps from the Pioneer River by the Scheme Manager (SunWater) into Kinchant Dam. Very little overland flow is involved in directing water into Kinchant Dam. Hence, the Eton Water Supply Scheme and irrigators are currently heavily reliant on an electricity supply.

Even though the modelling of electricity price increases in 2020 for the Eton Water Supply Scheme by SunWater in conjunction with Ergon Energy is not yet complete, early indications given by SunWater is that electricity costs for **Distribution Water will increase by 45%** in the year 20/21. Increases for the Bulk Water have not yet been indicated but will increase substantially due to the demand tariffs not being appropriate for efficient use of pumping water from the Pioneer River to Kinchant Dam when environmental flows allow. The increased costs of electricity will be a direct flow through cost to an increase in the price of water which is regarded as being unaffordable at the current time, let alone when increases in electricity are factored in.

In summary, irrigators have already been subject to electricity tariff price increases over the past 10 years. An average percent increase of 36% to 45% in applying irrigation water on farm from 1st July

2019 will have an unacceptable impact on irrigators. Irrigators are currently feeling the economic strain of increased electricity prices and have already commenced decreasing the use of irrigation on their crops. Any further increases in prices will exceed irrigators' capacity to pay and force irrigators to stop watering which will result in a decrease in productivity. The decrease in productivity is already being experienced and is threatening farm viability in the Eton Water Supply Scheme as well as having a damaging regional economic impact.

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