

20 May 2015

Mr Malcolm Roberts
Chairman
Queensland Competition Authority
GPO Box 2257
BRISBANE QLD 4001

Via online upload at: <http://www.qca.org.au/Submissions>

Dear Mr Roberts

Thank you for the opportunity to make this submission in relation to the Further Consultation Paper on Regulated Retail Electricity Prices for 2015-2016.

This submission is made on behalf of the members of the Australian Sugar Milling Council. ASMC is the peak policy body for Australian sugar milling companies, representing over 95% of Australian raw sugar production. Twenty four mills continue to operate in Australia today, and are collectively the largest source of biomass based renewable electricity in Australia.

This submission is additional to ASMC's previous submission the QCA's Draft Determination for Regulated Retail Electricity Prices for 2015-2016, and the Australian Sugar industry Alliance (ASA) submission the Interim Consultation Paper on Regulated Retail Electricity Prices for 2015-2016.

ASMC does not support the escalation of transitional tariffs by a further 5%, as proposed in the consultation paper. Further, we argue that the prices determined under these tariffs should be reduced, on the basis of previous submissions by ASMC, CANEGROWERS and ASA, specifically relating to Ergon and the application of "Network component" in the "Network + Retail" cost reflective methodology. We continue to draw QCA's attention to the state and nationally recognised under-performance of Ergon, as outlined in the ASA submission to the Interim Consultation Paper on Regulated Retail Electricity Prices for 2015-2016 (Attachment 1) and a report prepared by Carbon Energy Markets (Attachment 2) for ASMC and CANEGROWERS in 2014, also addressing the structural pricing issues associated with Ergon. To date, QCA has neither acknowledged nor addressed these concerns. Ergon has not refuted them, and ASMC continue to argue these concerns are substantial to the matter used in determining electricity price in regional Queensland.

In addition, ASMC does not support the inclusion of "headroom" in the determined price for regional Queensland. As headroom is intended to facilitate retail



competition, and Ergon is a monopoly in regional Queensland, the headroom is a further windfall to Ergon retail, with no incentive to improve the retailer's performance.

Finally, ASMC strongly supports shifting the CSO payment to the network, away from Ergon Retail. There is minimal transparency between network and retail service provided by Ergon. However, moving the CSO payment to the network will enable retail competition, and more critically, greater transparency in relation to network performance.

Should you have any further questions in relation to the position outlined above, please contact Ms Sharon Denny on (07) 3231 5003 or email sharon.denny@asmc.com.au.

Yours sincerely

Dominic V Nolan
Chief Executive Officer