QUEENSLAND FARMERS' FEDERATION

QCA: Interim Consultation Paper Notified Electricity Prices 2025-26

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Queensland Competition Authority

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This submission is provided to:

Queensland Competition Authority
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About the Queensland Farmers' Federation

The Queensland Farmers' Federation (QFF) is the united voice of agriculture in Queensland.

Our members are agricultural peak bodies who collectively represent more than 13,000 farmers who produce food, fibre and foliage across the state.

QFF's peak body members come together to develop policy and lead projects on the key issues that are important to their farmer members and the Queensland agriculture sector.

Together, we form a strong, unified voice leveraging our effectiveness by working together to drive policy and initiatives that support a strong future for Queensland agriculture.

Submission

QFF welcomes the opportunity to provide comment on the QCA: Interim Consultation Paper Notified Electricity Prices 2025-26.

We provide this submission without prejudice to any additional submission from our members or individual farmers.

Overview

The proposed network tariff structure changes outlined in the ICP, along with Ergon Network's Tariff Structure Statement (2025-30), represent significant behavioural shifts that will have substantial impacts on all residential, small, and large business customers. Given the complexity of these changes and their potential to reshape the regulatory landscape, it is essential that the transition period be carefully considered to ensure fairness, transparency, and clarity for all affected customers.

Agricultural customers in particular face unique operational challenges, including limited flexibility in adjusting energy usage, episodic consumption patterns, among others. As a result, the proposed tariffs could disproportionately burden these customers, especially considering the significant financial pressures they are already under due to rising living costs and increasing farm gate expenses.

To support customers through these transitions, clear, transparent, and proactive communication is essential. Ergon Retail must take responsibility for ensuring that affected customers fully understand the implications of the proposed changes. QFF advocates for a minimum 12-month transition period for the removal and restructuring of tariffs. This period is essential to allow agricultural customers time to adjust their operational practices and manage the financial implications of these changes. It will also provide an opportunity for education and support, ensuring customers can make informed decisions about their energy usage and financial planning.

We acknowledge that the QCA's operational scope aligns with the 2024 Ministerial Delegation; however, many stakeholders, including QFF, have proposed solutions that address concerns impacting not only agricultural customers but also other business customers. Without a meaningful consultation process, these issues are likely to persist. Therefore, QFF urges the

QCA to seek guidance from the Queensland government to broaden the scope of its review and engage in further consultations with stakeholders.

To summarise our Submission to the ICP, QFF believes our key priorities and concerns can be addressed through the following actions and desired outcomes:

- Recognition that the proposed suite of changes to network tariff structures could disproportionately impact agricultural customers due to their unique operational challenges, such as seasonal consumption patterns and inefficient equipment.
- Increase the current 100 MWh threshold for large customers to 160 MWh.
- Impose a minimum 12-month transition period for agricultural customers to adjust to the new tariff structures, ensuring they have time to manage financial implications and adjust operational practices.
- Implement a three (3) year transition period for small (14B and 24B) and large (45, 46, 52A, 52B, and 52C) customer cohorts, allowing them sufficient time to transition off their current tariffs.
- Initiate direct engagement with affected customers well before 1 July 2025, clearly explaining the reasons behind the tariff changes and how these adjustments will benefit them in the long term.
- Prioritise informed consent and a comprehensive customer education campaign, with tailored tools and resources, prior to implementation of new tariffs and tariff structures, to ensure customers fully understand and can adapt.
- Impose a 12-month transition period for the removal of the kW-based demand charges into the kVA-based demand charges for tariff 44 to ensure targeted support for agricultural customers with poor power factor efficiency, including audits and rebate programs to improve equipment efficiency.
- For the QCA to engage in further consultations and seek guidance from the Queensland Government to address these concerns, ensuring that the new pricing framework supports the long-term sustainability of Queensland's agricultural sector.

QFF is committed to working collaboratively with the QCA to ensure that the 2025–26 electricity pricing framework supports the long-term sustainability and competitiveness of Queensland's agricultural industry. We look forward to a constructive consultation process that takes into account the diverse operational needs and realities faced by agricultural customers across Queensland.

1. Increasing SAC Large customer threshold to 160 MWh

QFF once again calls for a review and increase of the current 100 MWh large customer consumption threshold in advance of the 2025-26 notified electricity price determination. The existing blanket threshold imposes disproportionately high supply and demand charges on agricultural customers, particularly those who experience low or no consumption during off-peak months after periods of higher usage.

Increasing the threshold to 160 MWh would create a more equitable framework, effectively excluding larger commercial and industrial consumers while still accommodating smaller agricultural businesses with seasonal or intermittent electricity needs. This adjustment would provide the necessary support to agricultural businesses without placing undue financial, administrative, or regulatory burdens on the wider community, and ensure effective tariff optionality to the new suite of tariff structures.

QFF notes that under section 5(b) of the Ministerial Delegation and section 90(5) of the Electricity Act 1994, the QCA is required to consider any relevant matters when making a price determination. We deem this issue to be of significant importance and highly relevant to the price determination process. Furthermore, we understand that the National Energy Retail Law (Queensland) grants Queensland's Governor in Council the authority to increase this upper consumption threshold through regulation, allowing for targeted adjustments to better meet jurisdictional requirements.

We strongly urge the QCA to take into account the ongoing efforts by QFF and other stakeholders in bringing this issue to the attention of the Minister and the Queensland Government. We call for the exercise of their powers to increase the upper consumption threshold for SAC Large customers from 100 MWh to 160 MWh. Given the significance of this matter, we request that the QCA initiate immediate public consultation on this issue well ahead of the 2025-26 notified pricing determination.

2. Informed consent prior to transition new tariff structures

QFF must stress the importance of Ergon Retail thoroughly considering the implications of its cost-reflective pricing strategy on agricultural customers, and to acknowledge the diversity of consumption and demand profiles within this sector. While the theoretical rationale behind cost-reflective pricing is well-established, many agricultural customers face significant challenges in adjusting their consumption patterns or fully understanding the tariff structures. This could result in either unrealised benefits or negative financial impacts.

For the success of tariff reform, agricultural customers must first gain a clear and comprehensive understanding of the tariffs before any price signals are sent or tariff structure transitions are made. In essence, informed consent is a crucial element of this process. To achieve this, Ergon Retail must implement a robust customer education campaign and ensure that customers have the opportunity to select tariffs that best suit their operational characteristics. Meeting these requirements is essential for agricultural customers to fully benefit and effectively prepare for the implementation of cost-reflective pricing strategies.

3. Managing and transitioning customers on notified prices with network tariffs set to be removed 1 July 2025

To effectively manage the transition of customers on notified prices with underlying network tariffs set to be removed on 1 July 2025, it is critical that Ergon Retail ensures these customers are financially better off under the new tariff arrangements. This approach will not only ensure compliance with regulatory requirements but also minimise customer dissatisfaction during what could otherwise be a challenging transition for some.

To ensure a smooth transition for affected small and large customers, we recommend the following actions:

- Implement a three (3) year transition period for small (14B and 24B) and large (45, 46, 52A, 52B, and 52C) customer cohorts, allowing them sufficient time to transition off their current tariffs.
- Initiate direct engagement with affected customers well before 1 July 2025, clearly explaining the reasons behind the tariff changes and how these adjustments will benefit them in the long term.

- Provide clear, transparent information about the broader regulatory shift toward fairer, more affordable, and sustainable pricing structures, ensuring customers understand the bigger picture.
- Address any customer concerns, particularly regarding affordability, and reassure them that the new tariffs will not place them at a financial disadvantage.
- Offer comparison calculators to help affected small customers assess the financial impact of the new tariffs, while also working with AEMO and Ergon Retail to provide affected large customers with access to NMI tariff comparison tools, such as the 'energymadeasy.gov.au' website or Ergon Retail's internal tariff comparison tool, which are currently unavailable to them.

4. Transition period for changes to the structure of existing network tariffs on 1 July 2025

Historically, the shift to cost-reflective tariffs has raised concerns, particularly among agricultural customers who may find these new structures more complex and challenging to navigate. A transition period must be thought of as a critical requirement for customers whose tariff structures are undergoing significant changes. Given the complexity of these changes, it is necessary to provide customers with sufficient time to adapt and understand the implications of the new pricing structures. A structured transition period of at least 6 to 12 months should be considered to ensure customers can adjust, make operational changes, and fully comprehend how the new tariffs will impact their energy costs.

For customers with more complex energy needs, such as seasonal irrigators, a longer transition period may be required to accommodate their unique challenges. These customers may need additional time to evaluate how the new tariffs will affect their operations and adjust their energy consumption patterns accordingly. To ensure these customers can effectively manage the transition, Ergon Retail should offer tailored support to address their specific needs and help them navigate the changes.

Throughout this transition period, proactive customer engagement must be at the forefront of Ergon Retail's strategy. Honest and transparent communication is vital to ensuring that customers understand the changes, how they will affect them, and the benefits of the new tariff structures. Engaging with customers well in advance of the transition, ideally 12 months before the changes take effect, will provide them ample time to raise concerns, seek guidance, and make informed decisions. Providing tailored advice and assistance will be crucial in helping customers understand the details of the new pricing structures and how they can adjust accordingly.

To mitigate the impacts for agricultural customers, QFF recommends the following actions:

- Implement a transition period of at least 12 months for all affected customers, allowing them time to assess the impact of the new tariffs, make necessary operational adjustments, and adapt to changes in their energy costs.
- Begin customer engagement 12 months prior to the tariff changes, or beginning 1 July 2025, providing clear, consistent communication about the upcoming adjustments and the benefits of the new pricing structures. Throughout the transition, maintain transparent communication, allowing customers to ask questions, express concerns, and better understand how the new tariffs work.

- Develop a comprehensive customer engagement strategy that includes ongoing educational initiatives, such as expert guidance on optimising energy consumption under the new tariffs. This will help customers make informed decisions and understand how time-of-use tariffs reflect real-time energy costs and can benefit them financially.
- Offer accessible resources, such as comparison tools (e.g., energymadeeasy.gov.au or Ergon Retail's internal tools), to help customers evaluate the financial impact of the changes and explore their options.
- Demonstrate that customers will be financially better off under the new tariffs, ensuring regulatory compliance while building trust in the new pricing models.
- Regular updates and clear explanations throughout the transition will minimise dissatisfaction, foster customer confidence, and strengthen long-term trust and satisfaction.

5. Changes to demand charges for tariff 44 (Small Demand)

QFF acknowledges that the transition to kVA-based demand charges is aimed at enabling Ergon Energy and Energex to recover revenue for reactive power and improving network planning. However, customers with a poor power factor will see a significant increase in demand charges when calculated on a kVA basis.

It is crucial for affected customers to fully understand the implications of this change before it takes effect, and they should be given adequate time to address inefficiencies and improve their power factor. To address these concerns, QFF urges the Australian Energy Regulator (AER) to consider the following measures:

- A 12-month transition period for the changes related to kVA-based demand charges, particularly for Tariff 44 (Small Demand).
- Restricting kVA-based charges to customers with a power factor near 1.0 or not below 0.85, in order to mitigate the impact on agricultural customers who are already struggling to improve power factor efficiency.
- Implementing an “opt-in” volumetric threshold, where kVA charges would only apply when annual consumption exceeds 160 MWh, providing relief to customers with lower usage who are less likely to benefit from the change.
- For the Queensland Government to collaborate with Ergon Retail to provide targeted support for agricultural customers with poor power factor efficiency. This support could include conducting Power Factor Improvement audits and establishing a rebate program to incentivise and accelerate equipment efficiency upgrades.

Conclusion

QFF strongly urges the QCA to consider the unique challenges faced by agricultural customers and ensure that tariff changes are implemented in a manner that supports fairness, transparency, and sustainability. The proposed tariff reforms have the potential to significantly impact the financial viability of many agricultural businesses in Queensland, which are already under financial pressure.

A thorough consultation process, clear communication, and a well-structured transition period are crucial for mitigating these impacts. By addressing these concerns, the QCA can help ensure that the 2025-26 electricity pricing framework supports both the competitiveness and long-term sustainability of Queensland's agricultural industry.

QFF looks forward to continued engagement with the QCA and Ergon Retail to ensure that the notified pricing period from 2025-26 provides a sustainable, reliable, and affordable energy environment for the agricultural sector.

If you have any queries about this submission, please contact Samuel Laffer at samuel@qff.org.au

Yours sincerely

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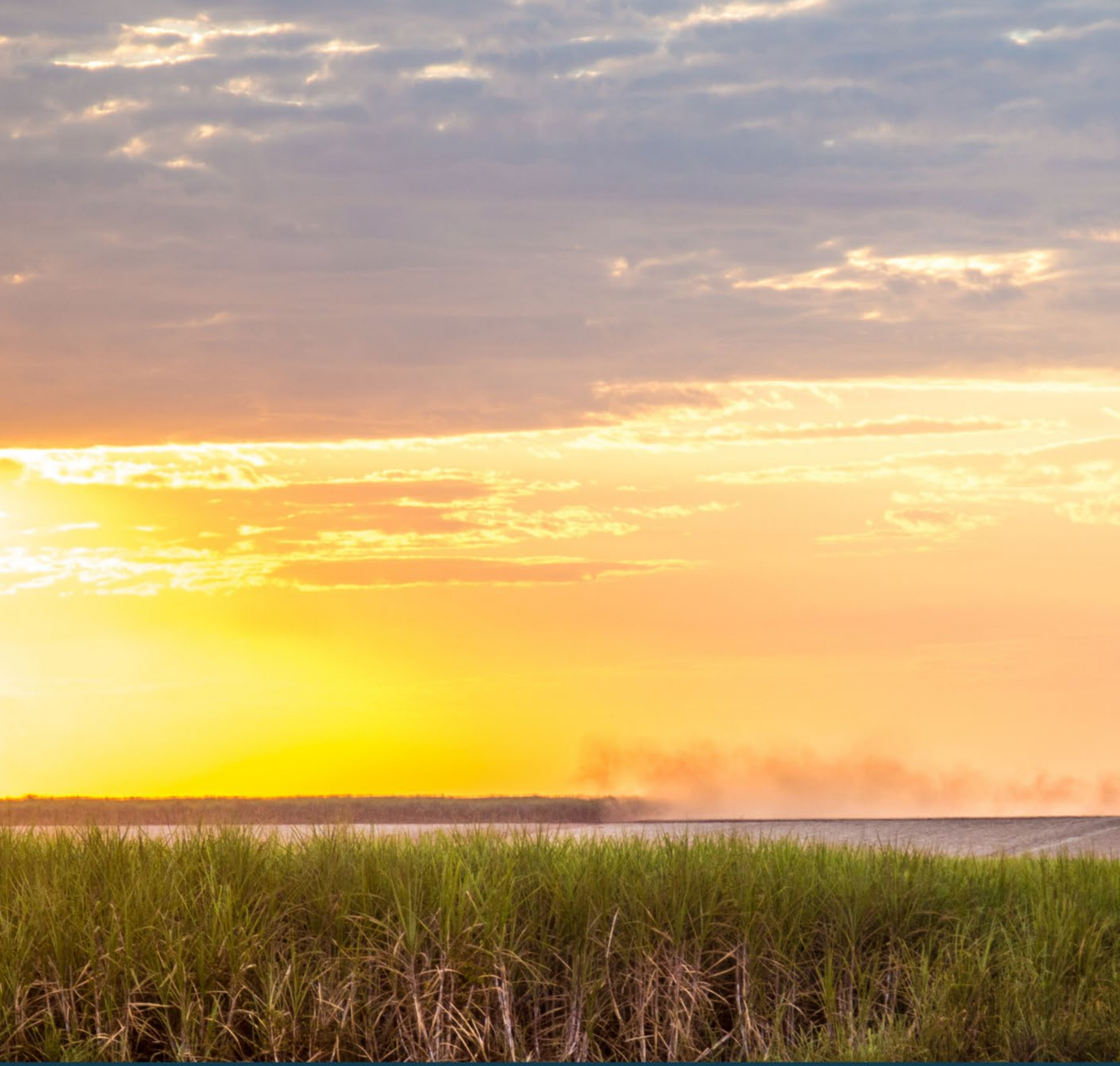

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