

16 February 2018

QCA urged to fix regional power price inequity

With the annual review of regional electricity prices now underway, CANEGROWERS is urging the Queensland Competition Authority to stop a bad situation becoming worse for regional businesses and households.

In its submission to the QCA on 2018-19 pricing, the sugarcane farmers organisation highlights the many inequities built into the tariffs that Ergon customers must pay.

“Last year, after the QCA issued its final retail price determination for 2017-18, the Queensland Government directed Stanwell Corporation to undertake strategies to place downward pressure on wholesale electricity prices,” CEO Dan Galligan said. “Wholesale prices did fall but retail electricity prices in regional Queensland were left unchanged!

“As well as hurting households, high prices have a significant impact on the cost of production across Queensland’s agricultural sector – a sector that is feeding Australians and earns important export revenue for the nation.”

Among the flaws in the price-setting structure highlighted by CANEGROWERS is the practice of applying Energex’s southeast Queensland network costs to the Ergon system.

“Many of these costs just do not apply in the regional areas in which Ergon operates,” Mr Galligan said. “For example, power usage peaks in the Energex area are much greater meaning the higher cost of wholesale electricity at those times is a burden that Ergon areas do not and should not share.

“Ludicrously, competition costs are also built into the Ergon pricing structure but, unlike in the southeast, Ergon faces no electricity supply competition.

“Competition, actively driven by the State Government, is delivering retail prices up to 25% below the standing offer price to Brisbane, the Gold Coast and the Sunshine Coast.

“But the benefits of the CS Energy and Alinta Energy deal are not available to customers in regional Queensland and Ergon faces no competition.”

The Australian Competition and Consumer Commission has expressed concern about the adverse impact of excessive retail costs and margins on electricity prices and is due to report to government in June 2018.

“The longer it takes to resolve these issues of inequity, the more windfall revenue Ergon makes straight from the households and businesses of regional Queensland,” Mr Galligan said.

“Our objective is to ensure electricity prices are set in a way that provides performance incentives for all in the electricity supply chain to efficiently and effectively deliver electricity to all customers.

“That is not happening now – if the system were efficient and effective, prices would be lower.”

Read the CANEGROWERS submission to the QCA on Regulated Electricity Prices 2018-19 here:
<http://www.qca.org.au/getattachment/75a4d6d5-2026-4b49-b8c4-9e2cb3728d18/Canegrowers-submission-regulated-retail-electric.aspx>

Media comment:

Dan Galligan | CANEGROWERS CEO | 0429 707 809

More information:

Neroli Roocke | CANEGROWERS Communications | 0418 871 881