

NSW NETWORKS FAIL TO ADDRESS EXCESSIVE ELECTRICITY COSTS FACED BY GROWERS AND IRRIGATORS

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The NSW Irrigators' Council (NSWIC) and Cotton Australia have urged the Australian Competition Tribunal to uphold the Australian Energy Regulator's (AER) final determination which – if fully implemented – would see unsustainable electricity price rises halted in NSW and bring relief to regional power users.

NSWIC and Cotton Australia earlier this year welcomed the Australian Energy Regulator's (AER) final determination on the NSW networks' revenue allowance, and recognised the determination as the first step containing further electricity price increases.

Growers and irrigators in NSW have received some pricing relief, and both organisations are now calling on the Tribunal to uphold the AER's decision and continue to relieve energy users.

The AER's decision would see a reduction in the revenue allowance of NSW networks by billions of dollars over the next 5 years. However, networks including Essential Energy are currently contesting the AER's decision before the Tribunal.

Cotton Australia Policy Officer, Felicity Muller, says the appeal is an unnecessary attempt to claw back some of these reductions.

"It is clear to Cotton Australia and the NSWIC that the regulatory structure is not functioning well. The network businesses have so many opportunities to contest the AER's final decision that it seems to render the final decision obsolete", Ms Muller says.

"It is time we focus on the real issue of ensuring sustainable network costs for growers and irrigators into the future. We need network prices that enable customers to stay on the grid and remain financially viable."

"In NSW the network 'death spiral' has left the state with a large number of stranded power assets – which are expensive to maintain – and a declining customer base to recoup these costs."

"The remaining customer base is left with enormous and unsustainable electricity costs."

"We need to find a sustainable electricity cost solution for irrigated food and fibre producers in NSW – the time to act is now," Ms Muller says.

Both organisations have committed to pursuing the AER's final decision to ensure it will be upheld by the Australian Competition Tribunal when it announces the outcome of its current review. The Tribunal's decision is due to be announced in December.

Recently, the NSW Minister for Industry, Resources and Energy, Anthony Roberts, introduced the *Energy Legislation Amendment (Electricity and Gas Pricing) Bill 2015* to deregulate the NSW electricity sector and attempt to put greater downward pressure on energy prices.

NSWIC Policy Manager, Stefanie Schulte, says that despite the recent introduction of the *Bill* and the comments made by Minister Roberts around the intended benefits of electricity retail deregulation, the fact remains that the biggest drivers of electricity costs are network charges. These charges comprise up to 65 percent of the average electricity bill of an agricultural producer in NSW.

“We simply need to see more action by both the Federal and State Governments to drive down power prices. Unfortunately, it remains the case that the latest *Bill* will not lead to meaningful price reductions for NSW growers,” Ms Schulte says.

“If you are a household or a business, your electricity costs are driven by network charges, even if your electricity bill does not provide an itemised breakdown of these costs.”

“This remains the case for growers and irrigators in NSW who have borne increasingly high electricity costs.”

“It is these cost drivers that we must focus on to stop electricity cost from rising any further.”

“Australian farmers participate in international commodity markets, and this makes it incredibly difficult to absorb such excessive electricity price increases, and increased power costs will undermine their viability.”

“The NSWIC and Cotton Australia urge the Tribunal to uphold the AER’s decision to ensure NSW growers and irrigators continue to receive energy price relief,” Ms Schulte says.

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Approved RS/MM

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