

NSW GROWERS, IRRIGATORS CALL FOR ACTION IN THE FACE OF EXCESSIVE ELECTRICITY TARIFFS

(14 December 2015)

The NSW Irrigators' Council (NSWIC) and Cotton Australia have urged the Australian Energy Regulator (AER) to ensure the electricity tariff structure proposed for NSW electricity users is fair, flexible and responsive to the needs of the state's food and fibre producers and irrigators.

Networks NSW reviewed the state's electricity tariffs through the Tariff Structure Statement (TSS) process and lodged their proposal with the regulator. The AER will assess the proposal's compliance against pricing principles and other electricity rules. In addition, the AER is required to consider whether the networks have incorporated retailer and consumer feedback in to their proposed tariffs.

Failed attempts by the network providers – including Essential Energy – to properly consult with the agricultural sector before proposing a tariff structure has led to a proposal that, if implemented, could place an even greater cost burden on primary producers.

NSWIC Policy Manager, Stefanie Schulte, says the current and proposed electricity tariffs are dysfunctional and the excessive electricity costs are impacting on the ability for producers to be profitable and competitive.

“Growers and irrigators are being punished for using electricity. They are experiencing high demand tariffs charged by Essential Energy. These charges are calculated on the highest amount of electricity used in a half hour window within a month. NSWIC and Cotton Australia view these charges as completely unacceptable for farmers who – in many cases – only use electricity for irrigation once or twice a month,” Ms Schulte says.

“Primary producers also face unsustainably high electricity tariffs regardless of whether they irrigate and use electricity during peak or off-peak periods. This is because there is currently no difference in peak and shoulder tariff charges.”

“One of the solutions would be the introduction of flexibility through true ‘time of use’ tariffs for shoulder periods which lie between peak and off-peak rates. Differential tariff structures can encourage adoption of changes to energy use behaviour, where shifts in management operations can be adopted.”

Ms Schulte says that a shift in energy use behaviour would be in the best interests of the networks.

“Changing the time of energy use will impact on peak loads experienced by the networks and will avoid the networks having to invest in electricity infrastructure to meet these heavy electricity demand periods.”

“The tariffs proposed by Networks NSW will move customers to a tariff structure where they will pay large upfront costs and effectively pay less the more electricity they use. Clearly this is at odds with broader NSW Government energy efficiency objectives encouraging businesses to produce more with less energy.”

Cotton Australia General Manager, Michael Murray, says the aim of the pricing model of the networks is simply to recover revenue.

“The network businesses want to recover their allowed revenue through fixed charges but energy users, including households, should not be paying excessive network costs or for the gold plating of NSW poles and wires,” Mr Murray says.

“Failure to implement sensible and efficient tariffs will result in network infrastructure becoming stranded assets. This will increase electricity costs for those unable to change their energy mix.”

“Cotton Australia and the NSWIC have written to the AER highlighting these issues. Both organisations will continue to call on the AER to recommend major changes to the proposed Essential Energy tariff structures. We want to see a solution resulting in outcomes that are in the interests of consumers and ensures that irrigators can access fairly priced electricity for food and fibre production in NSW,” Mr Murray says.

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