



NSWIC
NEW SOUTH WALES
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COUNCIL

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SUBMISSION

Draft Terms of Reference for IPART to review the Electricity Distribution Reliability Standards

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Introduction

The NSW Irrigators' Council (NSWIC) is the peak body representing irrigation farmers and the irrigation farming industry in NSW. Our Members include valley water user associations, food and fibre groups, irrigation corporations and commodity groups from the rice, cotton, dairy and horticultural industries. Through our members, NSWIC represents over 12,000 water access licence holders in NSW who access regulated, unregulated and groundwater systems.

NSWIC engages in advocacy and policy development on behalf of the irrigation farming sector. As an apolitical entity, the Council provides advice to all stakeholders and decision makers.

Irrigation farmers are stewards of tremendous local, operational and practical knowledge in water management. With over 12,000 irrigation farmers in NSW, there is a wealth of knowledge available. To best utilise this knowledge requires participatory decision making and extensive consultation to ensure this knowledge can be incorporated into best-practice, evidence-based policy. NSWIC and our Members are a valuable way for Governments and agencies to access this knowledge.

NSWIC welcomes this public exhibition as an opportunity to assist to provide local, practical and operational knowledge and expertise in water management. NSWIC offers the expertise from our network of irrigation farmers and organisations on an ongoing basis to ensure water management is practical, community-minded and follows participatory process.

This submission represents the views of the Members of NSWIC with respect to the *Draft Terms of Reference for IPART to review the Electricity Distribution Reliability Standards*. Each member reserves the right to independent policy on issues that directly relate to their areas of operation, expertise or any other issues that they deem relevant.



Background and Summary

The Premier has asked IPART to review the electricity distribution reliability to ensure that reliability standards balance consumer expectations of costs and reliability.

IPART is to provide recommendations to the Premier and the Minister for Energy and Utilities relating to:

- 1. any changes to electricity distribution reliability standards for the NSW distribution network businesses that could deliver bill savings to NSW electricity customers; and*
- 2. any other measures that could be imposed on or implemented by the NSW distribution network businesses within the current regulatory framework that would be likely to reduce network prices and are consistent with the National Electricity Objective.*

The Terms of Reference detail that:

“In making recommendations as to electricity distribution reliability standards, IPART is to apply an economic assessment to evaluate how efficient network capital and operating costs would vary with different levels of reliability, and then compare the level of expected capital and operating expenditure against the value that customers place on reliability.”

Submission

The NSWIC welcomes the opportunity to provide feedback on the *Draft Terms of Reference for IPART to review the Electricity Distribution Reliability Standards*.

Irrigation farmers are consumers of electricity, often at a large-scale, to operate pumps and equipment. Reliability of electricity and a secure electricity network are highly valued by irrigation farmers as it is essential for business operations. Reliability is essential to ensure water is used optimally, consistently and can meet the needs for agricultural production. Electricity is also a large cost for irrigation farmers.

The NSWIC offers four recommendations to extend the scope of the review to address areas of importance to irrigation farmers and rural/regional Australia.

1) The NSWIC recommends that the Terms of Reference include a specific point regarding electricity reliability in rural and regional areas.

Rural and regional areas have significantly different characteristics in terms of electricity access, reliability and usage. In order for the review to be comprehensive, it is important that the unique qualities of rural and regional areas are addressed in the review.



2) The NSWIC recommends that the Terms of Reference include impacts of electricity reliability and affordability on the efficiency of production overall, including the impacts on the efficiency of other key inputs such as water.

The NSWIC sees it as highly important that the electricity network (including regulations and charges) do not negatively impact on efforts to improve water efficiency. It is important for the electricity network to not hinder or disincentivise the agricultural sector from maximising efficiency, particularly water efficiency.

Further studies are needed on the impact of electricity prices on irrigated agricultural production in NSW. However, an initial assessment by NSWIC has indicated a range of inefficiencies and input cost problems as a result of electricity price increases.

Some irrigation equipment has become prohibitively expensive to use as a result of the steep electricity cost increases. This has caused an underutilisation of the water saving irrigation equipment and has prevented the optimised application of water to crops.

Inclusion of this in the terms of reference would assist in providing more detailed information on these impacts.

3) The NSWIC recommends that the Terms of Reference include off-grid and alternative forms of electricity.

High network charges, connection costs and affordability particularly in rural areas has seen an emerging trend towards off-grid forms of electricity. This trend has included solar power and diesel, for example. In the long term, this will impact on both the demand and supply of electricity in rural areas. Consequently, the NSWIC believes these behavioral trends towards alternative electricity sources would be a valuable component of the IPART review.

4) The NSWIC recommends that the Terms of Reference include impacts of electricity reliability and affordability on productivity.

The high cost of pumping water using mains electricity is a burden on Australian agricultural productivity. In particular, high network charges, connection costs, and reliability in rural areas can be problematic for productivity as input costs are considerably higher. The impact of electricity reliability on productivity (and consequent multiplier impacts such as lower profitability and employment) would be a valuable addition to this review.

Conclusion

The NSWIC looks forward to working with IPART and providing further input as part of the public consultation for the purposes of the investigation.

Kind regards,
NSW Irrigators' Council.

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