

The Pastoralists' Association of West Darling

INDUSTRIAL UNION OF EMPLOYERS

Registered under the Commonwealth Conciliation and Arbitration Acts and the NSW Industrial Arbitration Act.

27 October 2006.

**Review of Regulated Retail Tariffs and Charges for Electricity
2007-2010**

Independent Pricing and Regulatory Tribunal

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SUBMISSION TO THE REVIEW OF REGULATED RETAIL TARIFFS AND CHARGES FOR ELECTRICITY 2007-2010

PREAMBLE:

The Pastoralists' Association of West Darling is a grower organisation covering the area west of the Darling River to the NSW – Qld and NSW – S A Border. The Association represents its members with the aim of achieving improved operating conditions and issues which effect productivity, terms of trade and basic survival of the grazing industry in the Western Division of NSW.

With this charter the Association offer the following submission to the IPART on behalf of its members.

The drought, now in its sixth year and weighing very heavily on landholders in the area, ongoing power costs and supply conditions are of great concern. Whilst the Association agrees electricity which was extended into the Western Division in the early nineteen nineties, has been a wonderful asset to the area however, the ongoing costs and supply conditions are becoming a major burden to our members.

Association members supported the extension of grid electricity into the area, including the towns of White Cliffs and Tibooburra. Landholders outlaid a large capital cost, the minimum being \$53,000 in order to participate where our neighbours, resident in the towns of White Cliffs and Tibooburra had no construction outlay. Many members, looking to the future outlaid the actual costs to secondary points of supply, i.e. Shearing Sheds, Bores and Dams, in order to achieve efficiencies and reduce costs.

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The current and proposed classification of users, the variation of electricity rate charges, minimum charges, and full cost recovery principal is unacceptable, discriminatory and in some circumstances totally unviable. In some areas e.g. Shearing Sheds and Bores which have necessary but limited use, the use of electricity when now compared with the cost of diesel generation is unviable and if this is forced because of the required charges of electricity supply; makes a mockery of the communities efforts to lower greenhouse gasses and achieve efficiencies.

Now that the ten years has elapsed since the extension of grid electricity into the area it is proposed by Country Energy to remove infrastructure which was fully paid for by the landholder, if it is not currently being utilised. If the supply authority has this right by law will the landholder be compensated or have the installation reinstated at no cost if required in the future. This proposal was not known or was not policy when the electricity grid extension was proposed and installed.

I would draw your attention to three areas of concern, which have been brought to the Association's notice.

- 1. Minimum Charges and Rates of Electricity Charges.**
- 2. Disconnection and Reconnection Charges.**
- 3. Pumping of Water for Livestock and Domestic.**

Minimum Charges and Rates of Electricity Charges.

As the drought continues, Shearing Sheds are being used less frequently and Stock Watering points with less stock watering on them are under investigation to find varying ways of reducing costs including minimum charges.

Shearing Sheds are often only used for two weeks per year yet still attract a minimum charge of \$0.622105 per day plus standing charge of \$0.205920 cents per day including GST, which equates to a cost of \$5.80 per week, this expense is still ongoing for the other fifty weeks of the year that the transformer is not in use.

It has been announced by Country Energy that in future upon the transfer of a meter account the rate of electricity charges will change from rural domestic to general rate.

The Association has not been advised the reason for this change in policy or attitude as it must add cost and ignores the fact that landholders do live in a domestic residence. The Association and its members would be interested to know the reason for this change.

Before the amalgamation of energy supply authorities Murrumbidgee Supply Council adopted a flat rural rate which recognises the large proportion of energy use for domestic purposes and general supply for other purposes. Due to the varying circumstances applicable throughout the area the adoption of the single rate would be accepted giving equality and less disputes regarding purpose of use.

The problem is exacerbated by the fact that properties are being aggregated to make grazing operation more viable thus resulting in more transformers being idle but still attracting the minimum charge of approximately \$300.00 per year.

Disconnection and Reconnection Charges.

Some graziers have considered disconnection in order to reduce costs, however with a policy now adopted by Country Energy of *cost recovery* this could result in a disconnect fee of \$250.00 plus with the same expense to reconnect, making this option unviable.

The Association understands that infrastructure must be maintained however landholders with several transformers, which are attracting these minimum charges are responsible for quite a sizable expense.

Currently disconnection in this area is made by the landholder giving notification with a final reading of the meter. An account would be sent and paid with no further action i.e. no physical travelling to the meter. On reconnection the landholder notified of intension to reuse. This enabled greater efficiencies, cost management and customer satisfaction.

In the past meters were read annually by the supply authority, usually during the time of inspection. Quarterly billing was issued by estimation or by landholder notification. This was efficient and very cost effective when time and large distances are recognised.

Macquarie Electricity won a *Bluett Award* for recognition of their cost and management savings in the supply and charging for electricity to rural customers. They introduced a policy where a rural customer was able to prepay the estimated past average on previous usage receiving a 5% discount. This enabled better management less risk and large cost savings. Is it possible that this prepaid discount option be made available to rural customers? The Association believe greater efficiencies can be achieved and the recognition of rural customers co-operation.

Pumping of Water for Livestock and Domestic.

The *Off Peak* Pumping of Water for Livestock and Domestic Use would be another option and method of reducing costs and drain on electricity load during peak periods of demand. The Association would be pleased to consider various off peak tariffs e.g. off peak 1 or off peak 2 for this purpose.

RECOMMENDATIONS.

Minimum Charges and Rates of Electricity Charges.

The Association on behalf of its members put forward the recommendation that one standing charge per enterprise, based on a pro-rata basis for the size of the enterprise, thus rewarding landholders by way of a reduction in the minimum charge for the more transformers landholders have in use or retain.

Disconnection and Reconnection Charges.

The Association would recommend a Set Charge which is fair and equitable for the disconnection and reconnection of landholders regardless of distance. Landholder's properties which are a greater distance from the service centre are distinctly disadvantaged because of Country Energy's *cost recovery* policy when the physical disconnection and reconnection is not practical, efficient or cost effective.

Off Peak Pumping of Water for Livestock and Domestic Supply.

The Association would consider various off peak tariffs e.g. off peak 1 or off peak 2 for this purpose, with the ability to switch to full tariff rates if the need arose to pump extra water outside of the off peak hours. It must be noted that the landholder has supplied the capital infrastructure to achieve these efficiencies.

SUMMARY.

These recommendations have the potential for properties to retain all present transformers with the end result selling extra electricity when the drought breaks and stocking rates return to normal.

The Association believes that if landholders take the option of reverting to diesel power, it would not be conducive to the direction Australia should be heading in respect of Greenhouse Emissions.

Thank you for the opportunity to draw attention to difficulties being experienced in the Western Division and place the Association's recommendations before The Review.

Yours faithfully,

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ROSS D. ANDREWS
PRESIDENT.

