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Contact Officer: Robert Telford  
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5 March 2019

Greg Dawes  
Manager  
Pioneer Valley Water  
PO Box 275  
Mackay Qld 4740

Dear Mr Dawes

**Re: correspondence on the cost of electricity**

I am writing to thank you for raising your concerns about the cost of electricity and the introduction of cost reflective pricing, as set out in your correspondence of 31 January 2019 to the Minister for Energy, Angus Taylor. This correspondence was recently forwarded to me by the Minister, along with your correspondence to the Federal Member for Dawson, George Christensen.

As you are aware the AER is currently reviewing Ergon Energy's Tariff Structure Statement (TSS) proposals for the 2020-25 Regulatory control period. This proposal sets out their network tariff reforms that aim to improve the cost reflectivity of network prices for the long-term benefit of consumers in Ergon Energy's network area. Further details on their proposal have been provided by Ergon Energy and are available to be downloaded from our website, see link: [www.aer.gov.au/networks-pipelines/determinations-access-arrangements/ergon-energy-determination-2020-25/proposal#step-60838](http://www.aer.gov.au/networks-pipelines/determinations-access-arrangements/ergon-energy-determination-2020-25/proposal#step-60838)

Simply put, we do not have the discretion to require Ergon to introduce a 'food and fibre' network tariff for particular customers. Our role is limited to assessing whether Ergon Energy's proposal complies with the National Electricity Rules. However, we note that Ergon Energy proposes to introduce a "dynamic response controlled load tariff" that in the company's submission is designed to offer a discount to irrigators that are willing to have their load interrupted at times of network congestion.

Ergon Energy is conducting further consultation with stakeholders on its TSS proposals, including on this new dynamic tariff proposal. While we would have preferred Ergon Energy had undertaken more of this work *before* submitting their proposals to the AER, it is important that customers engage actively in this process and we encourage you to participate in this step with Ergon Energy. Your engagement will help ensure that Ergon Energy understands and properly takes account of the

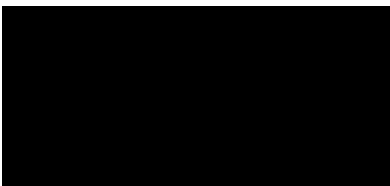
customer impact when developing its network tariff reforms for the next five years, including in relation to the impact on irrigators.

In addition to this we would appreciate the opportunity to meet with you and other irrigation businesses in Ergon Energy's distribution area to get a better understanding of your issues. My fellow Board Member Jim Cox intends to meet with you in MacKay.

In the meantime if you wish to know more about our assessment of Ergon Energy's TSS including the remit of our role in this area, please do not hesitate to contact our Senior Adviser, Bob Telford on (02) 9230 9160 or [robert.telford@aer.gov.au](mailto:robert.telford@aer.gov.au).

I have also copied this letter to Minister Taylor and Mr Christensen for their information.

Yours sincerely



Paula W. Conboy  
Chair