



Bundaberg Walkers Engineering Ltd

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Mr Warwick Anderson
General Manager
Australian Energy Regulator
GPO Box 520
Melbourne Vic 3001

17 December 2019

Lodged at: EnergyQueensland2020@aer.gov.au

Dear Sir

Submission to Draft decision – Energy Queensland Tariff Structure Statement proposal

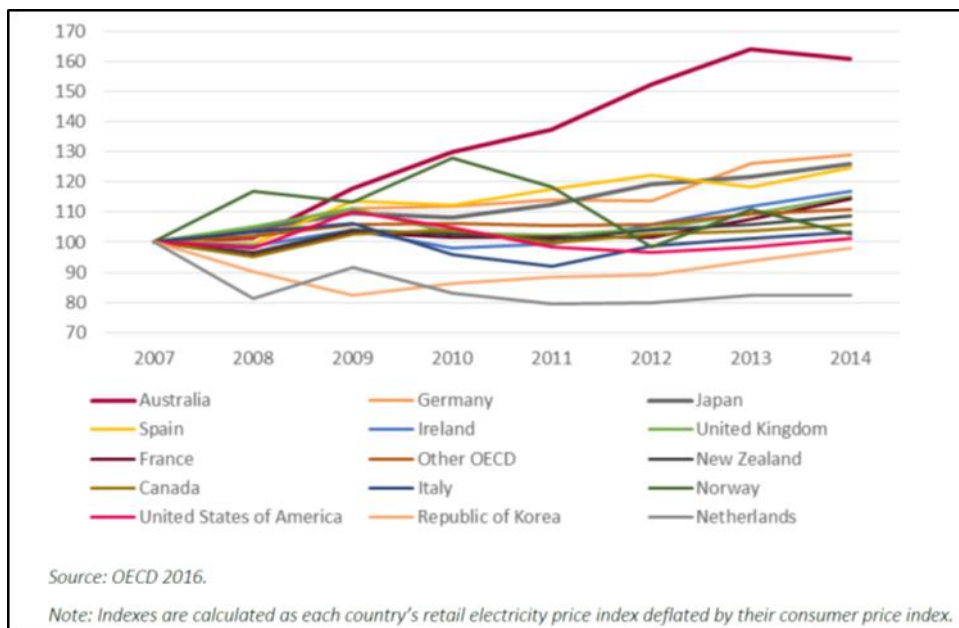
Bundaberg Walkers Engineering Ltd (BWEL) appreciates the opportunity to support the proposal of Energy Queensland to permit a subset of customers presently classified as Connection Asset Customers (CAC) to be optionally reclassified as Individually Calculated Customers (ICC).

Background

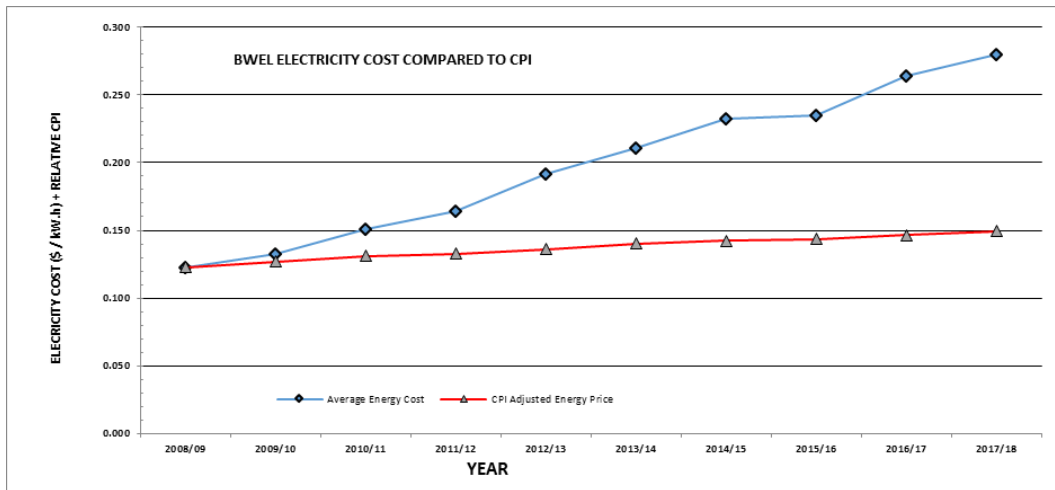
BWEL is a medium sized engineering enterprise located in Bundaberg in regional Queensland. The business comprises a foundry along with heavy fabrication and machining operations. The company has operated continuously on the site since 1888. The company’s core business is the supply of equipment and services to the Australian and international sugar industries. BWEL employs about 120 people in the Bundaberg facility. More than half of annual revenue is derived from export sales.

Issues

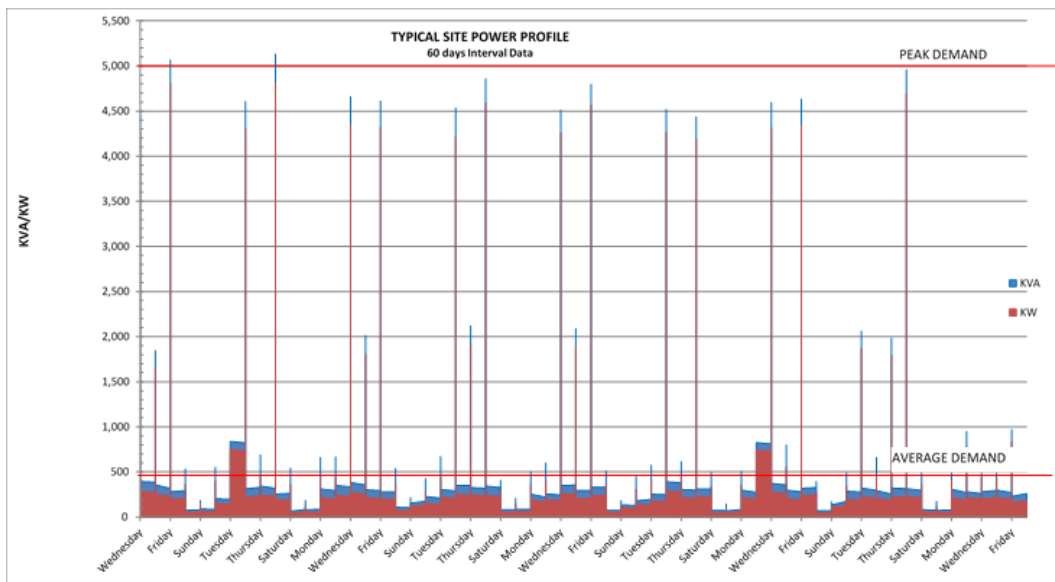
Bundaberg Walkers has a particular exposure to retail electricity pricing because: Australian electrical energy prices are high by world standards; and electricity is a significant part of the company’s core operation of casting molten metal to produce equipment sold overseas. Energy costs have been outstripping CPI for many years now. The company’s electricity cost is now around \$1M a year.



Source: Queensland Productivity Commission Electricity pricing enquiry – final report (May 2016)



The intermittent operation of BWEL’s large induction furnace results in a peaky electrical demand. The base level of consumption at the site is around 0.3 MW but the maximum demand, when the largest furnace is operating, is about 4.5 MW – a ratio of peak to mean demand around 15 : 1. Consequently, BWEL is especially sensitive to electricity pricing structures which penalise high, intermittent demand.



It is critical to BWEL’s ongoing operation to be able to access electricity tariffs other than the standard large business demand based tariffs.

We have been in close consultation with Energy Queensland and we are fully supportive of their proposal to allow increased access to the ICC tariff. [REDACTED]

Accordingly BWEL strongly supports the Energy Queensland proposal to permit the optional reclassification of some CAC customers as ICC.

Yours faithfully

[REDACTED]

E Troiani
General Manager