

Mr Warwick Anderson  
General Manager, Networks Finance and Reporting  
Australian Energy Regulator  
GPO Box 3131  
Canberra ACT 2601,

Dear Warwick,

I have been unable to provide a formal written statement regarding Ergon's Network Tariff proposals. In part due to the extremely short-time frame between the proposals being formally made available (May 17, but in reality early mid the following week by the time they were on a website), and the lack of opportunity to fully understand what is being proposed due to the lack of transparent connection between Network speak and retail speak, which is what myself and my growers understand.

Cotton Australia is the peak body representing Australia's 1200 cotton growers and cotton ginnings, of which approximately 1/3 of the industry is located in Queensland. Cotton Australia is also an active member of the Queensland Farmers Federation (QFF) which I know has been in communication with the AER on this and other issues.

I would like to flag a couple of key issues, associated with the loss of transitional tariffs in 2020 and 2022, and the very significant impact that the forced transition to demand based tariffs on some of our users.

For some of our irrigator who currently utilise T62, T65 and T66, the forced transition to T44, or 45, will lead to an immediate bill increase of 250 to 300%. This is largely due to the fact that the episodic and short nature of many river flow events make the use of demand tariffs completely uneconomic, and will lead to the rapid disconnection from the grid (some irrigators have already commenced this process in anticipation of July 1, 2020). Likewise, cotton gins, which operate very seasonally currently struggle on T48 (during non-ginning months which is 7-9 months gins are paying \$16-17,000 just to be connected), but will potentially be completely uneconomic post 2022 unless suitable alternative tariffs are offered.

By way of example, the average demand tariff offered in NSW is the primary reason while electricity costs per ginned baled in NSW is less than half of the cost in Queensland.

Cotton Australia would like to acknowledge, that over the past couple of months Ergon Network have been a lot more receptive to this issue, and we are hoping that this Tariff Approval process will result in better tariffs. However, despite a better attitude from Ergon in recent months, we have not seen much in the way of specifics from Ergon, presented in a way that we can assess the impact on our businesses.

In terms of AER, we request that before it approves any Ergon proposals, it takes active steps to ensure organisations such as ours have been adequately consulted, and that we have a clear understanding of what is being proposed. At this stage we are in no position to endorse the Ergon proposals, but we do have some confidence that Ergon is trying to address some of our concerns.

I would appreciate a response from you, outlining what steps the AER will take to ensure industries like ours will be adequately consulted, and tariffs suitable to our needs will be considered.

If you would like more information regarding the cotton industry and electricity use, please feel free to contact me.

Kind regards,

**Michael Murray**  
General Manager – Operations

**Cotton Australia**