



TASMANIAN FARMERS & GRAZIERS ASSOCIATION

Mr Chris Pattas
General Manager
Australian Energy Regulator
Melbourne Vic 3001

Email: TasElectricity2017@aer.gov.au

Dear Mr Pattas

The Tasmanian Farmers and Graziers Association (TFGA) is the leading representative body for Tasmanian primary producers. TFGA members are responsible for generating approximately 80% of the value created by the Tasmanian agricultural sector.

Agriculture is one of the key pillars of the economy and, with the current level of support from government, we are well positioned to further capitalise on the stature of Tasmania agriculture. The Australian Bureau of Statistics estimates that Tasmania's Gross State Product for 2014-15 was \$25.42 billion. Agriculture, forestry and fishing in 2014-15 was Tasmania's largest industry representing 9.6% (\$2.29B) of Tasmania's total gross value added.

The TFGA is grateful for the opportunity to provide comment to the Tasmanian Distribution Revised Regulatory Proposal.

Energy represents a significant input cost to our member businesses and there are a number of issues which are of particular significance within the revised regulatory proposal.

The TFGA has therefore a keen interest in the process of electricity pricing reform, and actively participates in the Pricing Reform Working Group, established by TasNetwork in August of this year.

Potential changes to the concessional charges currently applied to irrigation tariffs are of concern. The state government has invested in a series of irrigation schemes with the objective of "growing the wealth of Tasmania by developing and enhancing the productive capacity of the State's agricultural industries". In addition to the cost of the water from such schemes, the cost of getting the water to the relevant crops (pumping) is a major consideration for TFGA members, and increases in that cost influence the viability of production.

The TFGA is very concerned with the comment within the proposal; *'The prices of some network tariffs will also be realigned over time, to unwind some long-standing cross subsidies between different tariffs and different customer groups'*. Many of our members utilise the irrigation tariff that assists their

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business. In consideration of unwinding this tariff needs further explanation, as to why this would need to be necessary, measured against the economic benefit it provides to farmers and the greater community.

Additionally, we have some reservations about TasNetworks' proposal to introduce a range of new time-of use tariffs (or demand based tariffs), on an opt-in/opt-out basis (at least for the two-year duration of the next regulatory period).

The TFGA require more detailed and accurate information than is currently available about the benefits to consider if the likely result will be more cost reflective network pricing, for our members. Also there is some possibility that these tariffs could move to a mandatory status, which makes information of their effects even more important.

Finally, the TFGA welcomes the network price reductions in the first year of the next regulatory period due to the allowed revenue to TasNetworks', but unfortunately this is followed by a small increase the following year.

Please contact the TFGA if you require any further information.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Peter Skillern', with a long horizontal flourish extending to the left.

Peter Skillern

Chief Executive Officer

22nd December 2016