

# Electricity cost pass-through trial 2021-22

## Lower Mary River Distribution Scheme

### Background

Irrigation customers in the Lower Mary River Distribution Scheme are participating in a three-year electricity cost pass-through trial, from 1 July 2020 to 30 June 2023.

During the trial, Sunwater's actual, scheme level electricity cost savings (if any) will be passed through to irrigation customers at the end of the financial year via a credit applied to their bills. If Sunwater spends more on electricity than we recover from customers, no debits will be applied to customers' bills.<sup>1</sup>

The trial covers irrigation customers on the 'Lower Mary Channel' tariff group.

### 2021-22 outcome (Year 2 of the 3-year trial)

In 2021-22, Sunwater spent **more** on electricity than we recovered from customers in the Lower Mary River Distribution Scheme.

This means irrigation customers **will not** receive a credit on their bills.

The following section explains how the 2021-22 pass-through amount was calculated, and what the impact on irrigation customers would have been if a debit had been applied to their bills.

### Calculation of the pass-through amount

The Queensland Competition Authority (QCA) included an allowance for electricity in its fixed and volumetric cost-reflective prices for the Lower Mary River Distribution Scheme.

The scheme level pass-through amount is determined by deducting Sunwater's actual electricity costs in 2021-22 from the amount allowed by the QCA in its cost-reflective prices and subsequently recovered by Sunwater during the year. This amount is then divided by the scheme's water usage in 2021-22 to arrive at a dollar per megalitre (ML) pass-through rate.

The scheme level pass-through amount rate is based on cost-reflective pricing. In 2021-22 irrigation customer prices differed from cost-reflective levels. This affects (reduces) the electricity allowance recovered from irrigation customers via fixed and variable charges. This is reflected in the right-hand column of Table 1, which shows the electricity allowance recovered via actual irrigation prices. The right-hand column also shows how this has been used to calculate the irrigation customer pass-through rate.

The pass-through calculation for 2021-22 is detailed in Table 1.

---

<sup>1</sup> Sunwater may seek to recover our prudent and efficient electricity costs via an end of price period review if the QCA's cost-reflective allowance is less than actual costs. This will not occur as part of the trial.

Table 1: Calculation of the 2021-22 electricity cost pass-through amount<sup>1</sup>

Scheme-level information	Scheme	Customer
Water access entitlements (WAEs) – Medium priority	15,238 ML	
Usage - Medium priority	921 ML	
Actual electricity costs <sup>2</sup>	\$176,448	
<b>QCA electricity cost allowances</b>		
Electricity allowance in fixed cost-reflective price - Medium priority	\$1.96/ML	\$1.53/ML
Electricity allowance in volumetric cost-reflective price - Medium priority	\$57.84/ML	\$48.09/ML
<b>Pass-through calculations</b>		
Electricity costs recovered via the fixed cost-reflective prices	$(\$1.96 \times 15,238 \text{ ML}) = \$29,922$	$(\$1.53 \times 15,238 \text{ ML}) = \$23,273$
Electricity costs recovered via the volumetric cost-reflective prices	$(\$57.84 \times 921 \text{ ML}) = \$53,284$	$(\$48.09 \times 921 \text{ ML}) = \$44,298$
Total electricity costs recovered via cost-reflective prices	$(\$29,922 + \$53,284) = \$83,206$	$(\$23,273 + \$44,298) = \$67,572$
Proportion of electricity costs recovered from scheme / irrigation customers	$(\$83,206 / \$83,206) = 100\%$	$(\$67,572 / \$83,206) = 81.21\%$
Total pass-through amount = recovered amount minus actual electricity costs	$(\$83,206 - \$176,448) \times 100\% = -\$93,241$	$(\$83,206 - \$176,448) \times 81.21\% = -\$75,721$
Total pass-through amount per ML= total pass-through amount divided by water usage (ML)	$(-\$93,241 / 921 \text{ ML}) = -\$101.22/\text{ML}$	$(-\$75,721 / 921 \text{ ML}) = -\$82.20/\text{ML}$

1. Figures may not sum due to different rounding conventions between this table and the underlying electricity cost pass-through modelling.
2. Excludes 59 per cent of electricity costs related to the Owanyilla pump station which are transferred to the Lower Mary River Bulk Water Supply Scheme.

## Individual irrigation customer credits

As this is a trial, Sunwater will **not** be applying a debit to irrigation customer bills to recoup the electricity costs we did not recover from customers.

If a debit had been applied to bills, it would have been calculated by multiplying the pass-through rate of \$82.20/ML by the irrigation customer's 2021-21 water usage at a water account level. For example, if an irrigation customer's 2021-22 water usage was 10 ML, then the debit amount would have been \$822.00.

## How can I find out more?

More information is available in the frequently asked questions document available on the Sunwater [website](#).

If you have a query in relation to the calculation of the scheme level pass-through amount, or the credit applied to your October bill, please contact customer support via email [customersupport@sunwater.com.au](mailto:customersupport@sunwater.com.au) or phone on 13 15 89.