

Electricity cost pass-through trial 2021-22

Mareeba-Dimbulah Distribution Scheme

Background

Irrigation customers in the relift section of the Mareeba-Dimbulah 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.¹

The trial covers irrigation customers on the 'Channel - Relift' tariff group only.

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

In 2021-22, Sunwater spent less on electricity than we recovered from customers in the relift section of the Mareeba-Dimbulah Distribution Scheme.

This means eligible irrigation customers who used water in 2021-22 will have a **credit** applied to their bill in October 2022.

The following section explains how the 2021-22 pass-through amount and individual customer credits are calculated.

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 relift section in the Mareeba-Dimbulah Distribution Scheme.

The 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 relift section's water usage in 2021-22 to arrive at a dollar per megalitre (ML) pass-through rate.

The scheme level pass-through 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.

¹ 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.

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

Table 1: Calculation of the 2021-22 electricity cost pass-through amount¹

Scheme-level information	Scheme	Irrigation Customer
Water access entitlements (WAEs) – Relift- Medium priority	8,146 ML	
Usage - Relift- Medium priority	6,085 ML	
Actual electricity costs ²	\$487,755	
QCA electricity cost allowances		
Electricity allowance in fixed cost-reflective price - Relift - Medium priority	\$8.13/ML	\$5.22/ML
Electricity allowance in volumetric cost-reflective price -Relift - Medium priority	\$87.96/ML	\$72.38/ML
Pass-through calculations		
Electricity costs recovered via the fixed cost-reflective prices	$(\$8.13 \times 8,146 \text{ ML}) = \$66,249$	$(\$5.22 \times 8,146 \text{ ML}) = \$42,538$
Electricity costs recovered via the volumetric cost-reflective prices	$(\$87.96 \times 6,085 \text{ ML}) = \$535,252$	$(\$72.38 \times 6,085 \text{ ML}) = \$440,468$
Total electricity costs recovered via cost-reflective prices	$(\$66,249 + \$535,252) = \$601,502$	$(\$42,538 + \$440,468) = \$483,006$
Proportion of electricity costs recovered from scheme / irrigation customers	$(\$601,502 / \$601,502) = 100\%$	$(\$483,006 / \$601,502) = 80.3\%$
Total pass-through amount = recovered amount minus actual electricity costs	$(\$601,502 - \$487,755) \times 100\% = \$113,747$	$(\$601,502 - \$487,755) \times 80.3\% = \$91,339$
Total pass-through rate per ML= total pass-through amount divided by water usage (ML)	$(\$113,747 / 6,085 \text{ ML}) = \$18.69/\text{ML}$	$(\$91,339 / 6,085 \text{ ML}) = \$15.01/\text{ML}$

- Figures may not sum due to different rounding conventions between this table and the underlying electricity cost pass-through modelling.
- The QCA allocated a small portion of variable electricity costs to non-relift customers in its price modelling. This figure excludes their share of actual electricity costs.

Individual irrigation customer credits

The credit is calculated by multiplying the pass-through rate of \$15.01/ML by the irrigation customer's 2021-22 water usage at a water account level. Only water usage associated with the 'Channel – Relift' tariff group is included in the calculation.

The credit will be visible on customers' October bills in the 'Other Fees and Charges' section. The accompanying description will include the following key inputs used to calculate the credit amount:

- the irrigation customer's aggregate annual water usage
- the pass-through rate of \$15.01/ML.

An example of how the credit will be displayed on an irrigation customer's bill is shown in Figure 1.

Figure 1: Example of how the credit will be displayed on a bill¹

This invoice in detail

Other Fees and Charges

Date	Transaction	Description	Amount(\$)
28 Jul 2021	Irrigation Electricity Passthrough	644.32 ML @ \$6.49 per ML pa in arrears	4,181.64 CR
Total Other Fees and Charges			4,181.64 CR

- The pass-through rate of \$6.49/ML is used for illustrative purposes. As noted above, the Mareeba–Dimbulah Distribution Scheme's pass-through rate for 2021-22 is \$15.01/ML.

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 pass-through amount, or the credit applied to your October bill, please contact customer support via email customersupport@sunwater.com.au or phone on 13 15 89.