

Electricity cost pass-through trial outcome 2020-21

Burdekin Haughton Distribution Scheme

Background

Irrigation customers in the Burdekin Haughton 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 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 following irrigation tariff groups:

- Burdekin Channel
- Giru Groundwater Area
- Gladys's Lagoon – other than from natural yield.

2020-21 outcome

In 2020-21, Sunwater spent less on electricity than we recovered from customers in the Burdekin Haughton Distribution Scheme. This means eligible irrigation customers who used water in 2020-21 will have a credit applied to their bill in October 2021.

The following section explains how the 2020-21 scheme level 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 Burdekin Haughton Distribution Scheme.

The scheme level pass-through amount is determined by deducting Sunwater's actual electricity costs in 2020-21 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 2020-21 to arrive at a dollar per megalitre (ML) pass-through amount.

The pass-through calculation for 2020-21 is detailed in Table 1.

¹ Sunwater will 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 2020-21 electricity cost pass-through amount¹

QCA electricity cost allowances	
Electricity allowance in fixed cost-reflective price – high priority	\$4.00/ML
Electricity allowance in fixed cost-reflective price – medium priority	\$4.00/ML
Electricity allowance in volumetric cost-reflective price	\$17.40/ML
Scheme-level information	
Water access entitlements (WAEs) – high priority	10,021 ML
WAEs – medium priority	324,623 ML ²
Usage (including channel harvesting)	266,638 ML ³
Actual electricity costs	\$4,808,919
Pass-through calculations	
Electricity costs recovered via the fixed cost-reflective prices	= (\$4.00 x 10,021 ML) + (\$4.00 x 324,623 ML) = \$1,337,257
Electricity costs recovered via the volumetric cost-reflective prices	= \$17.40 x 266,638 ML = \$4,640,675
Total electricity costs recovered via cost-reflective prices	= \$1,337,257 + \$4,640,675 = \$5,977,932
Total pass-through amount = recovered amount minus actual electricity costs	= \$5,977,932 - \$4,808,919 = \$1,169,012
Total pass-through amount per ML = total pass-through amount divided by scheme water usage (ML)	= \$1,169,012 / 266,638 = \$4.38/ML

1. Figures may not sum due to different rounding conventions between this table and the underlying electricity cost pass-through modelling.

2. Excludes 110,000 ML of Sunwater reserve WAEs and 360 ML of Gladys's Lagoon WAEs recognised as natural yield, as the QCA did not allocate any costs to these WAEs.

3. Excludes actual usage of 350 ML associated with the Gladys's Lagoon WAEs recognised as natural yield.

Individual irrigation customer credits

The credit is calculated by multiplying the scheme level pass-through amount of \$4.38/ML by the irrigation customer's 2020-21 water usage at a water account level. Only water usage associated with eligible irrigation tariff groups 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 scheme level pass-through amount of \$4.38/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 amount of \$6.49/ML is used for illustrative purposes. As noted above, the Burdekin Haughton Distribution Scheme's pass-through amount for 2020-21 is \$4.38/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 scheme level 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.