

Electricity cost pass-through trial outcome 2020-21

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 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 'Lower Mary Channel' tariff group.

2020-21 outcome

In 2020-21, Sunwater spent less on electricity than we recovered from customers in the Lower Mary River 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 Lower Mary River 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 – medium priority	\$1.82/ML
Electricity allowance in volumetric cost-reflective price	\$40.57/ML
Scheme-level information	
Water access entitlements – medium priority	15,262 ML
Usage	5825 ML
Actual electricity costs	\$215,072 ²
Pass-through calculations	
Electricity costs recovered via fixed cost-reflective price	= \$1.82 * 15,262 ML = \$27,705
Electricity costs recovered via volumetric cost-reflective price	= \$40.57 * 5825 ML = \$236,332
Total electricity costs recovered via cost-reflective prices	= \$27,705 + \$236,332 = \$264,038
Total pass-through amount = recovered amount minus actual electricity costs	= \$264,038 - \$215,072 = \$48,965
Total pass-through amount per ML = total pass-through amount divided by scheme water usage (ML)	= \$48,965 / 5825 ML = \$8.41/ML

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

The credit is calculated by multiplying the scheme level pass-through amount of \$8.41/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 \$8.41/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 Lower Mary River Distribution Scheme's pass-through amount for 2020-21 is \$8.41/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.