

Electricity cost pass-through trial outcome 2020-21

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 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.

2020-21 outcome

In 2020-21, 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 2020-21 will have a credit applied to their bill in October 2021.

The following section explains how the 2020-21 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 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 relift section'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 – Relift	\$16.91/ML
Electricity allowance in volumetric cost-reflective price – Relift	\$67.27/ML
Scheme-level information	
Water access entitlements – Relift	8146 ML
Usage – Relift	6636 ML
Actual electricity costs	\$545,124 ²
Pass-through calculations	
Electricity costs recovered via fixed cost-reflective price	= \$16.91 * 8146 ML = \$137,720
Electricity costs recovered via volumetric cost-reflective price	= \$67.27 * 6636 ML = \$446,378
Total electricity costs recovered via cost-reflective prices	= \$137,720 + \$446,378 = \$584,098
Total pass-through amount = recovered amount minus actual electricity costs	= \$584,098 - \$545,124 = \$38,974
Total pass-through amount per ML = total pass-through amount divided by relift water usage (ML)	= \$38,974 / 6636 ML = \$5.87/ML

1. Figures may not sum due to different rounding conventions between this table and the underlying electricity cost pass-through modelling.
2. 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 amount of \$5.87/ML by the irrigation customer's 2020–21 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 amount of \$5.87/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

1. The pass-through amount of \$6.49/ML is used for illustrative purposes. As noted above, the Mareeba-Dimbula Distribution Scheme's pass-through amount for 2020–21 is \$5.87/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.