

# Electricity cost pass-through trial outcome 2020-21

## Upper Condamine Bulk Water Supply Scheme

### Background

Irrigation customers in the North Branch section of the Upper Condamine Bulk Water Supply 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.<sup>1</sup>

The trial covers irrigation customers on the following irrigation tariff groups:

- North Branch – medium priority
- North Branch – risk A.

### 2020-21 outcome

In October 2021, Sunwater advised that no credits would be applied to bills in the first year of the trial as we had spent more on electricity in 2020-21 than we recovered from customers in the North Branch section of the Upper Condamine Water Supply Scheme.

As part of our ongoing review of the trial, we have amended our 2020-21 pass-through calculations to include stream flow usage (which our original calculations omitted). This is because Sunwater recovered a portion of the scheme's variable electricity costs from the stream flow price we charged to applicable North Branch irrigation customers in 2020-21.

The recalculation shows that Sunwater spent less on electricity in 2020-21 than we recovered from customers in the North Branch section of the scheme. Eligible irrigation customers who used water (including stream flow) in 2020-21 will therefore have a credit applied to their bill in January 2022.

The following section explains how the revised 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 North Branch section. Sunwater also sets a price for stream flow in the North Branch section which recovers a share of variable electricity costs.

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<sup>1</sup> 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.

The pass-through amount is determined by deducting Sunwater’s actual electricity costs in 2020-21 from the amount recovered by Sunwater during the year from the QCA’s cost-reflective prices and the stream flow price. This amount is then divided by the North Branch section’s water usage (inclusive of stream flow) 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.

Table 1: Calculation of the 2020-21 electricity cost pass-through amount<sup>1</sup>

QCA electricity cost allowances	
Electricity allowance in fixed cost-reflective prices – North Branch (including risk A)	\$0.0687/ML
Electricity allowance in volumetric cost-reflective prices – North Branch (including risk A)	\$13.55/ML
Stream flow	
Electricity allowance in stream flow price – North Branch	\$13.55/ML <sup>2</sup>
Scheme-level information	
Water access entitlements (WAEs) – North Branch – medium priority	7565 ML
WAEs – North Branch – risk A	7320 ML
Usage – North Branch (including risk A and stream flow)	9052 ML
Actual electricity costs	\$99,661
Pass-through calculations	
Electricity costs recovered via the fixed cost-reflective prices	= (\$0.0687/ML * 7565 ML) + (\$0.0687/ML * 7320 ML) = \$1023
Electricity costs recovered via the volumetric cost-reflective prices	= \$13.55/ML * 9052 ML = \$122,667
Total electricity costs recovered via cost-reflective prices	= \$1023 + \$122,667 = \$123,690
Total pass-through amount = recovered amount minus actual electricity costs	= \$123,690 - \$99,661 = \$24,029
Total pass-through amount per ML = total pass-through amount divided by North Branch (including risk A and stream flow) water usage (ML)	= \$24,029 / 9052 ML = \$2.65/ML

- Figures may not sum due to different rounding conventions between this table and the underlying electricity cost pass-through modelling.
- Equal to the QCA’s electricity allowance included in volumetric cost-reflective prices, as Sunwater has set the stream flow price for the North Branch section equal to the regulated volumetric (Part B) price for the North Branch – medium priority tariff group.

## Impact on individual customers

The credit is calculated by multiplying the pass-through amount of \$2.65/ML by the irrigation customer’s 2020-21 water usage at a water account level. Only water usage associated with the ‘North Branch – medium priority’ tariff group, ‘North Branch – risk A’ tariff group and stream flow is included in the calculation.

The credit will be visible on customers' January 2022 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 \$2.65/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 bill'*

### **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
<b>Total Other Fees and Charges</b>			<b>4,181.64 CR</b>

1. *The pass-through amount of \$6.49/ML is used for illustrative purposes. As noted above, the Upper Condamine Water Supply Scheme's pass-through amount for 2020-21 is \$2.65/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 January bill, please contact customer support via email [customersupport@sunwater.com.au](mailto:customersupport@sunwater.com.au) or phone on 13 15 89.