Electricity cost pass-through trial 2024-25

Lower Mary River Distribution Scheme

Background

Irrigation customers in the Lower Mary River Distribution Scheme participated 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) were passed through to irrigation customers at the end of the financial year via a credit applied to their bills. If Sunwater spent more on electricity than it recovered from customers, no debits were applied to customers' bills.[1]

The trial involved irrigation customers in the 'Lower Mary Channel' tariff group.

Decision to extend the trial

In 2024 Sunwater elected to extend the electricity cost pass-through trial for an additional two years (until 30 June 2025). Sunwater made this decision, in response to the Queensland Competition Authority's (QCA) Irrigation Pricing Review 2025-2029 Draft Report. Sunwater determined it was more equitable to return electricity credits to individual customers through the pass-through mechanism than lowering future prices and distributing the credits to all customers, some of whom might not have been eligible for the credits.

The final electricity pass-through credits will be applied to eligible irrigation customer bills in October 2025.

2024-25 electricity pass-through summary

In 2024-25, Sunwater spent **more** on electricity than it recovered from customers in the Lower Mary Scheme.

This means irrigation customers **will not** receive a credit on their bills.

The following section explains how the 2024-25 pass-through amount was calculated, and what the impact on irrigation customers would have been if a debit had been applied to their bills.

Calculation of the pass-through amount

QCA included an allowance for electricity in its fixed and volumetric cost-reflective prices for the Lower Mary River Distribution Scheme.

[1] Sunwater may seek to recover its prudent and efficient electricity costs via an end of price period review if QCA's cost-reflective allowance is less than actual costs. This will not occur as part of the trial.

The scheme-level pass-through amount is determined by deducting Sunwater's actual electricity costs in 2024-25 from the amount allowed by 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 2024-25 to arrive at a dollar per megalitre ($/ML) pass-through rate.

The scheme-level pass-through amount rate is based on cost-reflective pricing. In 2024-25, irrigation customer prices differed from cost-reflective levels. This 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.

Table 1: Calculation of the 2024-25 electricity cost pass-through amount[1]

Scheme-level information	Scheme	Customer
Water access entitlements (WAEs) – Medium priority	15,252 ML	
Usage – Medium priority	1,236 ML	
Actual electricity costs[2]	$137,744	
QCA electricity cost allowances		
Electricity allowance in fixed cost-reflective price – Medium priority	$2.06/ML	$1.71/ML
Electricity allowance in volumetric cost-reflective price – Medium priority	$60.68/ML	$50.45/ML
Pass-through calculations		
Electricity costs recovered via fixed cost-reflective prices	($2.06 x 15,252 ML) = $31,417	($1.71 x 15,252 ML) = $26,122
Electricity costs recovered via volumetric cost-reflective prices	($60.68 x 1,236 ML) = $75,011	($50.45 x 1,236 ML) = $62,367
Total electricity costs recovered via cost-reflective prices	($31,417 + $75,011 = $106,428	($26,122 + $62,367 = $88,489
Proportion of electricity costs recovered from scheme/ irrigation customers	($106,428 / $106,428) = 100%	($88,489 / $106,428) = 83.14%
Total pass-through amount = recovered amount minus actual electricity costs	($106,428 - $137,744) x 100% = -$31,317	($106,428 - $137,744) x 83.14% = -$26,038
Total pass-through amount per ML= total pass-through amount divided by water usage	(-$31,317 / 1,236 ML) = -$25.33/ML	(-$26,038 / 1,236 ML) = -$21.06/ML

1. *Figures may not sum due to different rounding conventions between this table and the underlying electricity cost pass-through modelling.*
2. *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

As this is a trial, Sunwater will **not** be applying a debit to irrigation customer bills to recoup the electricity costs not recovered from customers.

If a debit had been applied to bills, it would have been calculated by multiplying the pass-through rate of -$21.06/ML by the irrigation customer's 2024-25 water usage at a water account level. For example, if an irrigation customer's 2024-25 water usage was 10 ML, then the debit amount would have been $210.60.

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.