# Electricity cost pass-through trial 2024-25

## Mareeba-Dimbulah Distribution Scheme

### Background

Irrigation customers in the relift section of the Mareeba-Dimbulah 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 'Channel – Relift' tariff group only.

### 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 relift section of the Mareeba-Dimbulah Distribution 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.

[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.

## Calculation of the pass-through amount

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 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 relift section's water usage in 2024-25 to arrive at a dollar per megalitre ($/ML) pass-through rate.

The scheme-level pass-through 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 | Irrigation customer |
|---|---|---|
| Water access entitlements (WAEs) – Relift - medium priority | 8,211 ML | |
| Usage – Relift - medium priority | 5,545 ML | |
| Actual electricity costs[2] | $640,916 | |
| **QCA electricity cost allowances** | | |
| Electricity allowance in fixed cost-reflective price – Relift - medium priority | $8.53/ML | $6.44/ML |
| Electricity allowance in volumetric cost-reflective price – Relift - medium priority | $97.09/ML | $79.89/ML |
| **Pass-through calculations** | | |
| Electricity costs recovered via the fixed cost-reflective prices | ($8.53 x 8,211 ML) = $70,050 | ($6.44 x 8,211 ML) = $52,892 |
| Electricity costs recovered via the volumetric cost-reflective prices | ($97.09 x 5,545 ML) = $538,343 | ($79.89 x 5,545 ML) = $443,017 |
| Total electricity costs recovered via cost-reflective prices | ($70,050 + $538,343 = $608,393 | ($52,892 + $443,017) = $495,909 |
| Proportion of electricity costs recovered from scheme/ irrigation customers | ($608,393 / $608,393) = 100% | ($495,909 / $608,393) = 81.51% |
| Total pass-through amount = recovered amount minus actual electricity costs | ($608,393 - $640,916) x 100% = -$32,523 | ($608,393 - $640,916) x 81.51% = -$26,510 |
| Total pass-through rate per ML = total pass-through amount divided by water usage | (-$32,523 / 5,545 ML) = -$5.87/ML | (-$26,510 / 5,545 ML) = -$4.78/ML |

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

As this is a trial, Sunwater will **not** be applying a debit to irrigation customers' 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 -$4.78/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 $47.80.

## 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.