

Electricity cost pass-through trial outcome 2024-25

Upper Condamine Bulk Water Supply Scheme

Background

Irrigation customers in the North Branch section of the Upper Condamine Bulk Water Supply 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 covered irrigation customers in the following irrigation tariff groups:

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

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 cost pass-through summary

In 2024-25, Sunwater spent **more** on electricity than it recovered from customers in the Upper Condamine 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 North Branch section. Sunwater also sets a price for stream flow in the North Branch section, which recovers a share of variable electricity costs.

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 rate is based on cost-reflective pricing. In 2024-25, irrigation customer prices differed from cost-reflective levels. This affects (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 through actual irrigation prices. The right-hand column also shows how this has been used to calculate the irrigation customer pass-through rate.

The pass-through calculation for 2024-25 is detailed in Table 1.

Table 1 Calculation of the 2024-25 electricity cost pass-through amount¹

Scheme-level information	Scheme	Customer
Water access entitlements (WAEs) – North Branch - Medium priority	7565 ML	
Water access entitlements (WAEs) – North Branch - Risk A	7320 ML	
Usage – North Branch	7,972 ML	
Usage – North Branch - Risk A	7,714 ML	
Actual electricity costs	\$256,290	
QCA electricity cost allowances		
Electricity allowance in fixed cost-reflective price - North Branch	\$0.07/ML	\$0.06/ML
Electricity allowance in fixed cost-reflective price - North Branch - Risk A	\$0.07/ML	\$0.06/ML
Electricity allowance in volumetric cost-reflective price - North Branch ²	\$14.69/ML	\$11.29/ML
Electricity allowance in volumetric cost-reflective price - North Branch - Risk A ²	\$14.69/ML	\$12.21/ML
Pass-through calculations		
Electricity costs recovered via the fixed cost-reflective prices	$(\$0.07 \times 7,565 \text{ ML}) + (\$0.07 \times 7,320 \text{ ML}) = \$1,109$	$(\$0.06 \times 7,565 \text{ ML}) + (\$0.06 \times 7,320 \text{ ML}) = \932
Electricity costs recovered via the volumetric cost-reflective prices	$(\$14.69 \times 7,972 \text{ ML}) + (\$14.69 \times 7,714 \text{ ML}) = \$230,370$	$(\$11.29 \times 7,972 \text{ ML}) + (\$12.21 \times 7,714 \text{ ML}) = \$184,225$
Total electricity costs recovered via cost-reflective prices	$(\$1,109 + \$230,370 = \$231,479)$	$(\$932 + \$184,225 = \$185,157)$
Proportion of electricity costs recovered from scheme / irrigation customers	$(\$231,479 / \$231,479) = 100\%$	$(\$185,157 / \$231,479) = 79.99\%$
Total pass-through amount = recovered amount minus actual electricity costs	$(\$231,479 - \$256,290) \times 100\% = -\$24,812$	$(\$231,479 - \$256,290) \times 79.99\% = -\$19,846$
Total pass-through amount per ML = total pass-through amount divided by water usage (ML)	$(-\$24,812 / 15,685 \text{ ML}) = -\$1.58/\text{ML}$	$(-\$19,846 / 15,685 \text{ ML}) = -\$1.27/\text{ML}$

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

2. *Equal to 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

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 -\$1.27/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 \$12.70.

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 bill, please contact customer support via email customersupport@sunwater.com.au or phone on 13 15 89.