



COTTON
AUSTRALIA



**Regulated electricity prices for
regional Queensland 2026-27**
Michael Murray – General Manager

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Submission prepared by Michael Murray – General Manager

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ABOUT COTTON AUSTRALIA

Cotton Australia is the peak body for Australia's cotton growers, representing up to 1,500 cotton farms mainly in New South Wales and Queensland but also in the Northern Territory and Western Australia. Cotton Australia works with growers and stakeholders to ensure the Australian cotton industry remains viable.

Cotton Australia supports the Australian cotton industry to be globally competitive, sustainable and valued by the community. It drives the industry's strategic direction, retains a strong focus on research and development, promotes strength of the industry, manages sustainability reporting and implements policy objectives.

1. Executive summary

Cotton Australia welcomes the opportunity to provide a submission to the Queensland Competition Authority's (QCA) Draft Determination for Regulated Electricity Prices for Regional Queensland 2026–27. Cotton Australia represents approximately 500 cotton producers in Queensland, many of whom rely heavily on electricity—primarily for irrigation pumping—and who are supplied under a mix of Small Business and Large Business tariffs within the Ergon Retail Network.

While Cotton Australia acknowledges and welcomes the reduction in draft prices for residential and small customers, it is deeply concerned about the significant increases proposed for Large Business tariffs. The disparity between customer classes is troubling, particularly given that network costs for large customers appear to rise sharply while remaining static or only marginally increasing for other users. Cotton Australia encourages the QCA to provide clearer explanation and justification for these outcomes in its final determination.

The submission raises concerns about the design of new and existing tariffs. Cotton Australia reluctantly accepts the introduction of the Large Customer Solar Soaker Tariff (T50C) but considers the very limited off-peak window (11am–1pm) ineffective when compared with broader solar soaking opportunities available to residential users. Similarly, Cotton Australia does not support specialised electric vehicle tariffs attracting additional Community Service Obligations, instead advocating for a genuine solar soaker tariff accessible to all customer classes.

Cotton Australia does not support the QCA doing more on a complex transitional tariff between small and large customers. However, it strongly recommends lifting the Small Business–Large Business consumption threshold from 100 MWh per year to a higher level, noting this would be consistent with other jurisdictions and provide a more practical solution for growing businesses.

A central issue for cotton growers and irrigation users is the lack of volumetric tariffs for large business customers. The heavy reliance on demand-based tariffs imposes disproportionate costs on episodic users such as irrigators, who may only operate pumps for a small number of days per month but must still pay full monthly demand charges. This has driven many irrigators to disconnect from the electricity network and switch to diesel, resulting in poorer environmental outcomes, stranded network assets, and increased costs ultimately borne by remaining users and the Queensland Government through the CSO.

In this context, Cotton Australia is particularly critical of the excessive daily supply charges applied to Tariff 49, which render the tariff uneconomic and have resulted in zero uptake. The continued escalation of this charge in the draft determination risks further accelerating the shift from electricity to diesel and undermining broader policy objectives.

Cotton Australia calls for the opening up of T43, to make it available to all Large Business users.

Overall, Cotton Australia urges the QCA to reassess large customer pricing outcomes, reform tariff structures to better reflect the needs of episodic agricultural users, and ensure that electricity pricing supports efficient network utilisation, equitable economic outcomes, and emissions reduction objectives across regional Queensland.

2. Recommendations

1. *Cotton Australia recommends that the QCA, instead of doing further work on the transitional tariff, formally recommend to the Treasurer/Energy Minister that Queensland lift the threshold to 160MWh/Y.*
2. *Cotton Australia recommends that the QCA significantly revise this daily charge down in its final determination, if it doesn't it will be significantly contributing to the trend of users switching from electricity to diesel use.*
3. *Cotton Australia recommends that T22C is retained.*
4. *Cotton Australia supports changes to the Access Requirements for Tariffs 60A and 60B.*
5. *Cotton Australia recommends that access to T43 be opened up to all Large Business Customer.*

3. Submission response

Cotton Australia welcomes the opportunity to submit to the Queensland Competition Authority (QCA) Draft Determination for Regulated electricity prices for regional Queensland 2026-27. This will be a very brief submission.

Cotton Australia represents Queensland's 500 cotton producers, many of them who use electricity, primarily to pump irrigation water.

Our users represent a mix of Business Small and Business Large Tariff customers across the Ergon Retail Network.

Cotton Australia is a very active member of the Queensland Farmers Federation (QFF) and strongly endorses the comprehensive submission provided by QFF.

Cotton Australia has been submitting to the QCA price setting process for well over a decade, and to give credit to the QCA (and the Ministerial delegation) this is one of the very few times the QCA process has stepped slightly away from its highly formulaic price setting process, and has provided some constructive advice and insights into how electricity pricing and tariffs can be improved.

In this brief submission Cotton Australia does not intend to concentrate on the actual draft prices, but on the underlying principle.

PRICING OUTCOMES

While it is pleasing to see draft prices for Residential and Small Customer customers have fallen in this Draft Determination, it is troubling to Cotton Australia that there is such a disparity between this positive movement and the increases in tariffs prices for Large Business Customers.

While at one level, the N+R approach is understood, and Cotton Australia acknowledges that the N component is basically a pass-through cost that the QCA adds, but it is disturbing that there can be such a variation in the direction of electricity costs.

It is hard to understand how one class of customers with an Australian Energy Regulator Determination can see significant increases in network costs (Large Customer) while residential and small customers only have minor increases or in a number of cases the network component was static.

It would be valuable if the QCA provided some more detailed explanation and commentary on this in its final report.

LARGE CUSTOMER SOLAR SOAKER TARIFF

Cotton Australia somewhat reluctantly accepts the creation of T50C as a solar soaker tariff. Given the very small off-peak window from 11am to 1pm, the reality is that this tariff is unlikely to drive significant consumer change.

While at one level understanding the QCA's explanation around the need to line up with underlying network tariffs, it is still very hard to accept that a Tariff like 12C, in effect a residential solar soaker tariff can have an off-peak period of 11am to 4pm, yet T50C is limited to the narrow window above. Cotton Australia was not aware that the sun shines more brightly and longer over residential customers than it does over business customers.

ELECTRIC VEHICLE (EV) TARIFF PROPOSAL

Cotton Australia is not convinced that there should be specialised EV tariffs, especially if they attract an additional Community Service Obligation. Cotton Australia believes there is a need for a genuine Solar Soaker tariff, that would be open to all users, including EV users.

SMALL TO LARGE CUSTOMER TRANSITIONAL TARIFF

Cotton Australia remains convinced that that the appropriate response is not to introduce a transitional tariff, and agrees with the QCA that it would introduce a very significant amount of complexity, but to lift the Small Business – Large Business Threshold from 100MWh/Y to 160MWh/Y. This would be consistent with some of the other jurisdictions.

Recommendation: Cotton Australia recommends that the QCA, instead of doing further work on the transitional tariff, formally recommend to the Treasurer/Energy Minister that Queensland lift the threshold to 160MWh/Y.

TRANSITION AND EXPIRY OF OBSOLETE TARIFFS

Cotton Australia believes T22C should be retained but otherwise supports the expiration of the Tariffs listed for June 30, 2026. Once again, Cotton Australia does not understand how there is a Network Tariff that can support T12C but not support T22C. It must be that same sun shining longer and brighter over residential customers!

Recommendation: Cotton Australia recommends that T22C is retained.

ACCESS REQUIREMENTS FOR TARIFFS 60A AND 60B

Cotton Australia supports the reform proposed around access requirements for T 60A and T 60B. Cotton Australia has been raising concerns around the inequitable access to these tariffs for years now, and while grateful that the QCA is acting this year, it is amazed and disappointed that it has taken so long.

It is ridiculous that under the current arrangements the rules dictate the technology that must be used to send the timing signals. This reform is well overdue and should be expedited.

Recommendation: Cotton Australia supports changes to the Access Requirements for Tariffs 60A and 60B.

ABSENCE OF VOLUMETRIC BASED TARIFFS FOR LARGE BUSINESS

The almost complete absence of volumetric based tariffs for Large Users imposes a very significant financial burden to users such as irrigators, who are episodic users, as they can only pump (and in doing so use electricity) when the river-flow conditions stipulated in their licences are met.

For example, an irrigator who only gets to pump for one or two days in the month, ends up having to pay demand charges for a whole month.

The table below is an actual example of what a St George irrigator faced in late 2024.

While on different dates, this irrigator has one site that is on the Small Business Flat Rate volumetric Tariff 20 and the other on the Large Business Demand Based Tariff 44.

A-A650931C - Tariff 44	ML Pumped	Usage Charge / ML	Service Fee / ML	Demand Charge / ML	TOTAL CHARGE
Billing Period - (01/03/25 - 01/04/25)	542.38	\$ 13.95	\$ 2.55	\$ 58.04	\$ 74.54 \$ / ML
		7564.48	1385.15	31479.24	
A-159E6579 - Tariff 20	ML Pumped	Usage Charge / ML	Service Fee / ML	Demand Charge / ML	TOTAL CHARGE
Billing Period 20/11/24 - 20/12/24	938.51	\$ 18.75	\$ 0.05	\$ -	\$ 18.80 \$ / ML
		\$ 17,594.88	\$ 44.98	\$ -	
Connection Fee - Charged irrespective of usage.					
Demand charge - charged once usage starts irrespective of when in billing cycle					

At the site on T20, it cost him \$18.80 to pump a megalitre of water, at his T44 site the cost was \$74.54!!

Irrigators have for the past decade, and continue to do so, been disconnecting pumps from the grid and converting them to diesel because of the above costs. Apart from the obvious economic benefit to the irrigator, this makes no sense; an electrical asset is now under-utilised or completely stranded, the irrigator has had to invest in new equipment, our total greenhouse gas footprint is worse for it, and remaining users of the network and the Queensland government through its Community Service Obligation (CSO) has to make up the financial shortfall to Ergon network.

Last year T49 was introduced, and in the 2025-26 Draft Determination the Tariff proposed a reasonable and competitive Daily Supply Charge of \$65/day, yet in the Final Determination there was a massive and explained increase in this charge to \$273/day.

Unsurprisingly, no customers have taken up this offer, as the Daily Supply charge makes it completely uneconomic.

However, instead of challenging this ridiculous Daily Supply Charge, the QCA in this draft Determination has lifted that charge to \$286/day.

Cotton Australia recommends that the QCA significantly revise this daily charge down in its final determination, if it doesn't it will be significantly contributing to the trend of users switching from electricity to diesel use.

Further, it calls on the QCA to open up T43, which is an appropriate volume-based tariff to all users, regardless as to whether they have migrated to smart meter or not.

Recommendation: Cotton Australia recommends that access to T43 be opened up to all Large Business Customer.

4. Conclusion

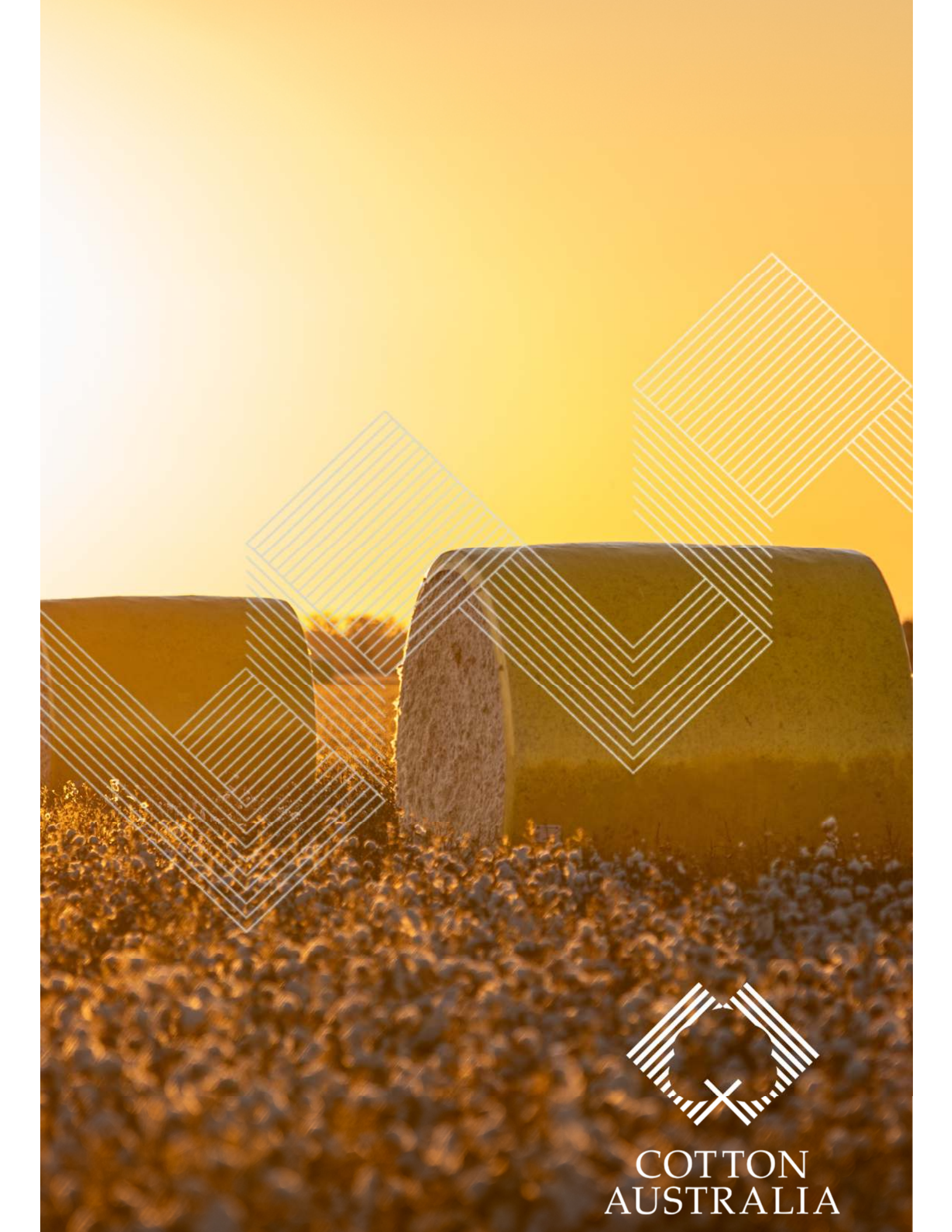
Cotton Australia appreciates the opportunity to contribute to the QCA's Draft Determination for Regulated Electricity Prices for Regional Queensland 2026–27. While the Authority has shown welcome willingness to reflect on aspects of tariff design and pricing outcomes, the draft determination raises significant concerns for large business and agricultural electricity users.

In particular, the magnitude of increases facing large customers, the continued reliance on demand-based tariffs for episodic users, and the escalation of daily supply charges—most notably for Tariff 49—risk further accelerating the withdrawal of irrigators from the electricity network in favour of diesel alternatives. This outcome would be economically inefficient, environmentally counterproductive, and ultimately detrimental to remaining customers and taxpayers through higher Community Service Obligation costs.

Cotton Australia urges the QCA to use the final determination to more clearly explain pricing outcomes across customer classes, reconsider excessive fixed and demand-based charges, and advance tariff structures that better reflect patterns of agricultural electricity use. Lifting the small business consumption threshold, broadening access to genuine solar soaking opportunities, and restoring economically viable volumetric options for large customers would materially improve equity, network utilisation, and emissions outcomes.

Electricity pricing plays a critical role in supporting the productivity and sustainability of regional Queensland. Cotton Australia encourages the QCA to ensure the final determination delivers pricing arrangements that are equitable, economically efficient, and aligned with the state's broader energy and climate objectives.

For further information regarding this submission please contact Michael Murray, General Manager, Cotton Australia – michaelm@cotton.org.au or 0427 707 868.



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