



28 March 2008

Mr Leigh Mayne  
Network Regulation Manager  
Aurora Energy Pty Ltd  
177 Main Road  
MOONAH TAS 7009

Dear Mr Mayne,

### **DRAFT NETWORK TARIFF STRATEGY**

Thank you for the opportunity to make comment on the Draft Network Tariff Strategy prepared as required by the Regulator's Guidelines for Approval of Network tariffs in accordance with the 2007 Determination November 2007.

#### **About TFGA**

The Tasmanian Farmers and Graziers Association (TFGA) is the peak representative organisation for farmers in Tasmania. The Association has some 5,000 members in the dairy, wool, meat, vegetable and cereals and seeds industries and members are also involved in the production of poppies and a range of minor agricultural crops. Apart from agricultural crops many of our members are involved in the management of native forest and plantations for commercial wood production. With most farmers in Tasmania being members, TFGA speaks with authority on issues that are important to rural farming communities.

The TFGA is divided into separate councils and committees that deal with each of the major commodities. The organisation plays an active role in ensuring that the policies and concerns of the agricultural sector are recognised by Government, industry and the wider community, and are given a high level of consideration at all levels of the decision-making process. It is one of the few industries in Tasmania to have such a comprehensive industry organisation.

#### **Comment to Draft Network Tariff Strategy**

The TFGA's response to the Draft Network Tariff Strategy is intended to draw attention to particular aspects of the Strategy and not intended to be a comprehensive response to the full document.

### **Curtilage Arrangements**

The TFGA are concerned with Aurora's proposals to change the curtilage arrangements, as documented on page 15 of the draft Retail Tariff Strategy. It states that it is proposed to remove the curtilage (home paddock) concession in two stages – half at 1<sup>st</sup> July 2008 and the remainder at 1<sup>st</sup> July 2009.

“Same curtilage” discounts are currently granted to approximately 5,300 Aurora customers in Tasmania or 2.4% of Aurora's residential installations (220,117).

Farmers on average have buildings and infrastructure that need power separate to their normal dwelling, which is why they will have additional connections and/or meters compared to a normal household. Is this not the reason the curtilage concession was implemented for combinations of residential dwellings and farm buildings on the same property?

**The TFGA believe the rationale for removing the “same curtilage” discounts has no logic is not reasonable. We would welcome the opportunity to discuss this issue further prior to any changes being made.**

### **Irrigation Tariffs**

Under the Section 4.5.7 the proposed changes by Aurora to introduce time of use tariffs during period 2 which have both pricing period (day and night) and seasonal changes does give farmers an option, however the anomaly is to increase irrigation night rate by 17% above the average, but reduce the day rate by 5%.

Farmers across Tasmania utilize the off-peak night rates because of a number of reasons, including:

- cheaper alternative
- climatic conditions
- specific irrigation system
- specific crop or enterprise use
- increase efficiencies (less evaporation)

Tasmanian farmers are national leaders in efficient irrigation. As a result of improved efficiency and our ideal climate for temperate agriculture, the return derived from each mega litre of water applied to crops is an average gross value of production for Tasmania is double compared to the mainland states.

There is an advantage for Aurora to retain the night rate, at a considerable discount, as this flattens out the supply curve.

**The TFGA are against the changes to the rates applicable to the irrigation tariff, to increase the irrigation night rate by 17% above the average. The question needs to be asked; why farmers should be discouraged from irrigation at night? As irrigating at night is more efficient and with water as a scarce resource these efficiencies should be encouraged.**

### **Other Comments**

As illustrated by the State Water Development Plan, there is a strategic focus on storing excess winter stream flows in on-farm dams, for use during the summer irrigation season.

During periods of very high rainfall, and the obvious consequence of some river being in flood situation, it is proposed that a tariff be established which would enable farmers to

operated high volume pumps 24hrs per day for 2-3 days to assist with the filling of on-farm dams.

**We understand that this Irrigation Tariff already exists, however we would like to investigate options, which may be available, or could be established to implement strategic tariffs.**

**Conclusion**

The TFGA believes it is very important that the proposed changes are very carefully discussed in more detail with the wider agricultural industry because of the different aspects of farming as a business. In particular we ask Aurora to address the points we have raised here.

Thank you for the opportunity to comment on the draft Network Tariff Strategy. We look forward to further opportunity to comment as development of the draft Strategy progresses.

Yours sincerely

**Roger Swain**  
President

