

Wilmar Sugar

Wilmar Sugar Pty Ltd
ABN 44 081 051 792

Level 1, 5-21 Denham Street
Townsville QLD 4810

PO Box 642, Townsville
QLD 4810 Australia

Tel + 61 7 4722 1972
Fax + 61 7 4724 5715
info@wilmar.com.au

www.wilmar-international.com



24 September 2020

Mr. Ben Wu
Manager Pricing and Billing
Powerlink Queensland
PO Box 1193
Virginia QLD 4014

By email: bwu@powerlink.com.au

Dear Mr Wu,

RE: Wilmar Sugar Response to Powerlink's Pricing Consultation - Draft Positions Paper (dated August 2020)

Wilmar Sugar (Wilmar) appreciates the opportunity to respond to Powerlink's proposed changes to its Pricing Methodology for the next regulatory period (2022-27) and contained in Powerlink's Pricing Consultation - Draft Positions Paper dated August 2020)

We also appreciate the effort that Powerlink has displayed by their open and transparent engagement process. Wilmar acknowledges the challenge being faced in managing network pricing criteria, in seeking to balance (enhanced) cost reflective pricing signals with (minimised) customer impacts.

However in short, Wilmar does not support any overhaul to Powerlink's current pricing approach and outlines the following comments for your consideration:

- Incumbent sites with low load factors are likely to be proportionally disadvantaged under any of the proposed changes. Such sites face significant price increases should any of the changes be implemented
- It should be expected that loads have a capability to achieve similar outcomes i.e., achieve the intent of Powerlink through other avenues without the need for fundamental pricing reform as that proposed. For example, sites can make changes to operating protocols / behaviour to reduce authorised AD / changes to their load profile / to power factor
- Side constraints are a necessary stabiliser for prices, allowing consumers and business to adapt and make long term decisions and optimise operations and capital investments. In other words, side constraints are appropriate and should remain in place.
- The proposals being considered in the draft positions paper are significant. Consideration should also be given to the timing of the other significant reform processes currently underway (eg COGATI, ESB) which may have broad and unexpected impacts on the proposed TNSPs pricing methodologies. We fear that a quick move now may produce a sub-optimal solution for consumers, generators and Powerlink in the short and medium term.
- Further consultation is required as to why the individual options are being considered, including whether they will be implemented individually or on a collective basis. For instance, if implemented on a collective basis, the changes represent a tripling in TNSP costs to one of our sites alone. Such sudden and significant changes threaten the viability of long time established connections and their businesses.

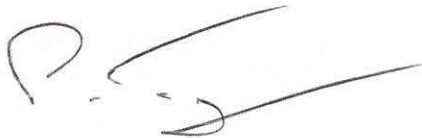
For the reasons above, Wilmar opposes any change to Powerlink's Pricing Methodology in the forthcoming regulatory period. Should any changes be adopted Wilmar suggests that transitional or grandfathering arrangements will be required given the potential size of the impact on existing businesses that cannot move. Furthermore, Wilmar reminds Powerlink that any fundamental change that requires a business to implement significant capital investment will have a typical project horizon spanning years from design to implementation.

Wilmar would like to thank Powerlink once again for the opportunity to respond to their Pricing Consultation - Draft Positions Paper and their assistance in this matter.

We look forward to continuing work with you in this regard.

Please do not hesitate to contact me (please refer to signature below) if you have any further questions.

Yours sincerely

A handwritten signature in black ink, appearing to read 'P. Trayner', with a long horizontal stroke extending to the right.

Paul Trayner
Cogeneration & Energy Manager
Wilmar Sugar Pty Ltd
Email: paul.trayner@wilmar.com.au
0419476802