Irrigation Price Path
1 July 2025 to 30 June 2029





Lower Lockyer Valley Water Supply Scheme

Annual Customer Forum

10 October 2023

seqwater
WATER FOR LIFE

3 Phase Customer Engagement

This is where we are now

Complete

Phase 1

Learn how irrigation prices are set

May and June 2023

Customers had the opportunity to attend customers forums and learn about:

- how irrigation prices are set
- how Seqwater is developing the pricing proposal.

Phase 2

First look at draft future prices

September 2023

Seqwater's draft pricing proposal for each scheme are distributed and presented, and customer feedback is sought.

To gauge support for our pricing proposals, we will invite online feedback from all irrigation customers in impacted schemes. We will provide more information on this process in the coming weeks.

We want your feedback

Phase 3

Our pricing proposal

October 2023

Having considered customer feedback, our final proposal will be shared. Customer Forums

The proposal we are presenting is a look of what we expect to include in our proposal on 30 November 2023

First look at draft future prices

Seqwater's Draft Pricing Proposal (2025-26 to 2028-29)

- Context and background
- Draft costs and prices
- Key drivers

Please feel free to ask questions during or after the presentation.

Our draft cost and pricing proposal is reflective of a challenging operating environment and a desire for meaningful engagement with customers as we develop prices for the next period

A challenging operating environment

Key themes impacting our operating environment over the past few years

- Global events such as COVID19 – inflation, availability of goods and services (including labour)
- Natural disasters – both here and overseas – insurance premiums continue to rise
- Higher energy prices
- Rising interest rates have increased cost of debt
- Council Rate increases
- Aging assets requirement continued monitoring and maintenance
- Asset maintenance program review
- Increased regulation – Metering, Hydrometric monitoring,
- Flood costs are excluded

Our proposal is also reflective of a desire to continue to deliver against the things our customers tell us matter the most to them and their business

This is what our Customer Reference Groups told us:

Our customers voice



We have been engaging with customers (via Phase 1 engagement plan) to identify any issues we need to consider as part of our proposal

- Price stability and scheme efficiencies
- Customers interested in bottom line prices. Engage on expenditure/service trade off's
- Customers keen to understand drivers for any significant repair and maintenance works proposed for the next price path period
- Water reliability/security
- Customers happy with current service standards
- Customers would like an online account to manage their water allocations (like Sunwater)
- Regulatory costs of price reviews minimised
- When water is available, customers want reliability of supply, if there is an interruption to supply they want it fixed asap
- Customers don't want to pay Part A charges when they don't have any water
- Community Service Obligations (CSO) continue to be paid by Government

Lower Lockyer Valley WSS - Scheme Overview

117 Irrigation customer	12,620ML in MP entitlements, with average annual usage of 1,465ML	134 total customers

Major Assets

• Atkinson Dam	• Buaraba Creek Diversion Weir • Brightview Weir • Sippels Weir • Potters Weir • O'Reillys Weir	• Gauging stations • Buaraba Creek Diversion Channel • Buaraba Creek Supply Channel • Seven Mile Lagoon Diversion Channel • Atkinson Pump Station • Atkinson Low Level Pump Station • Brightview Weir Supply Channel • Customer Water Meters

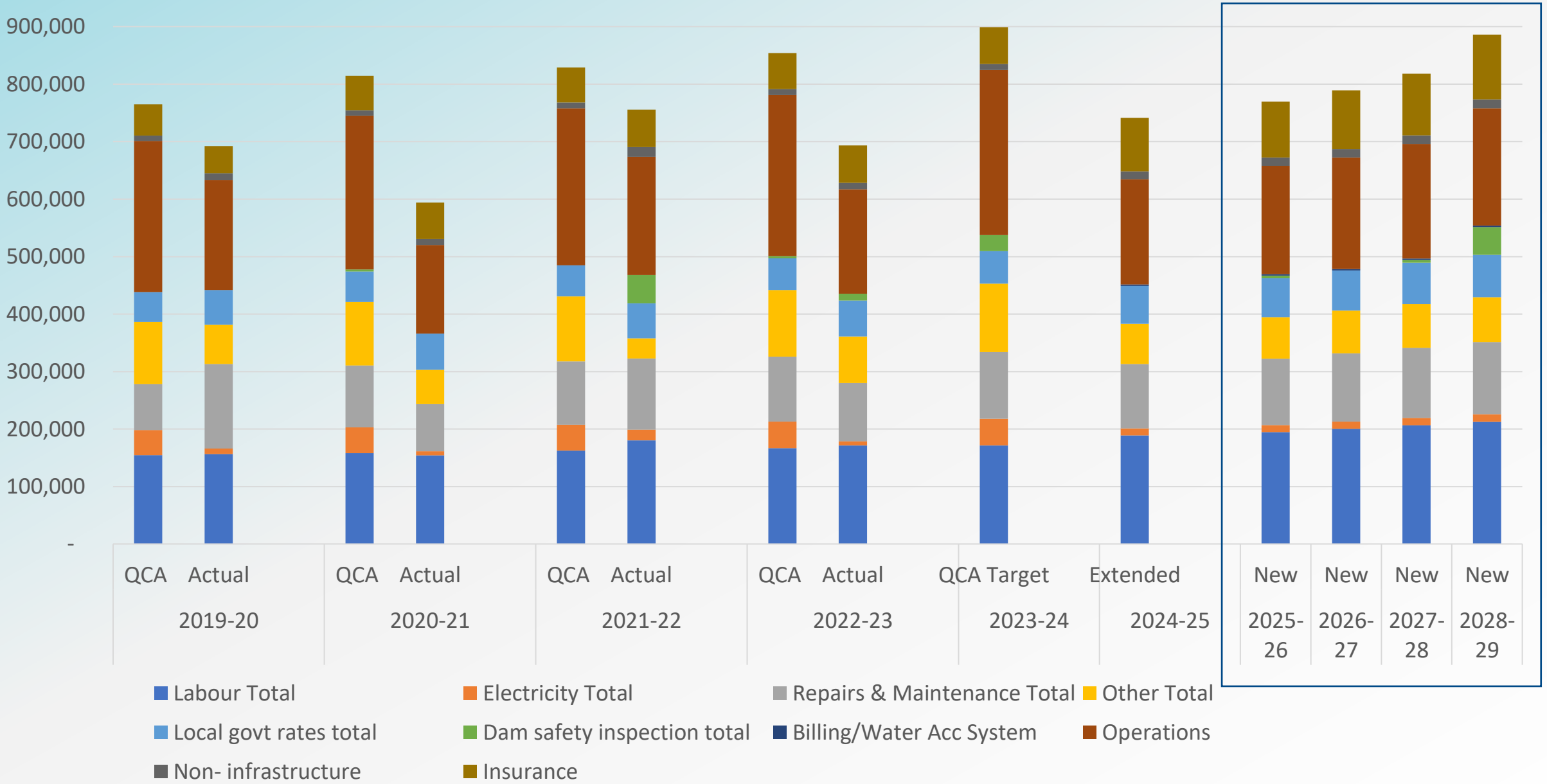
Pricing Tariffs

Single tariff group, with fixed (Part A) for Medium Priority entitlements and variable (Part B) charge

Key Operations and Maintenance activities (cost drivers)	
	Preventative and corrective maintenance
	Regulatory obligations –ROL and Comprehensive dam safety inspections
	Refurbishment/maintenance
	Rates
	Upgrade, maintain and validate customer flow meters
	Regulating and monitoring river, channel flows and weir levels and scheduling releases
	No significant electricity costs using assets

Expenditure

LLVWSS –OPEX costs



Capital Expenditure (Renewals)

Capital expenditure – actual & forecast

Renewals spend during current price path

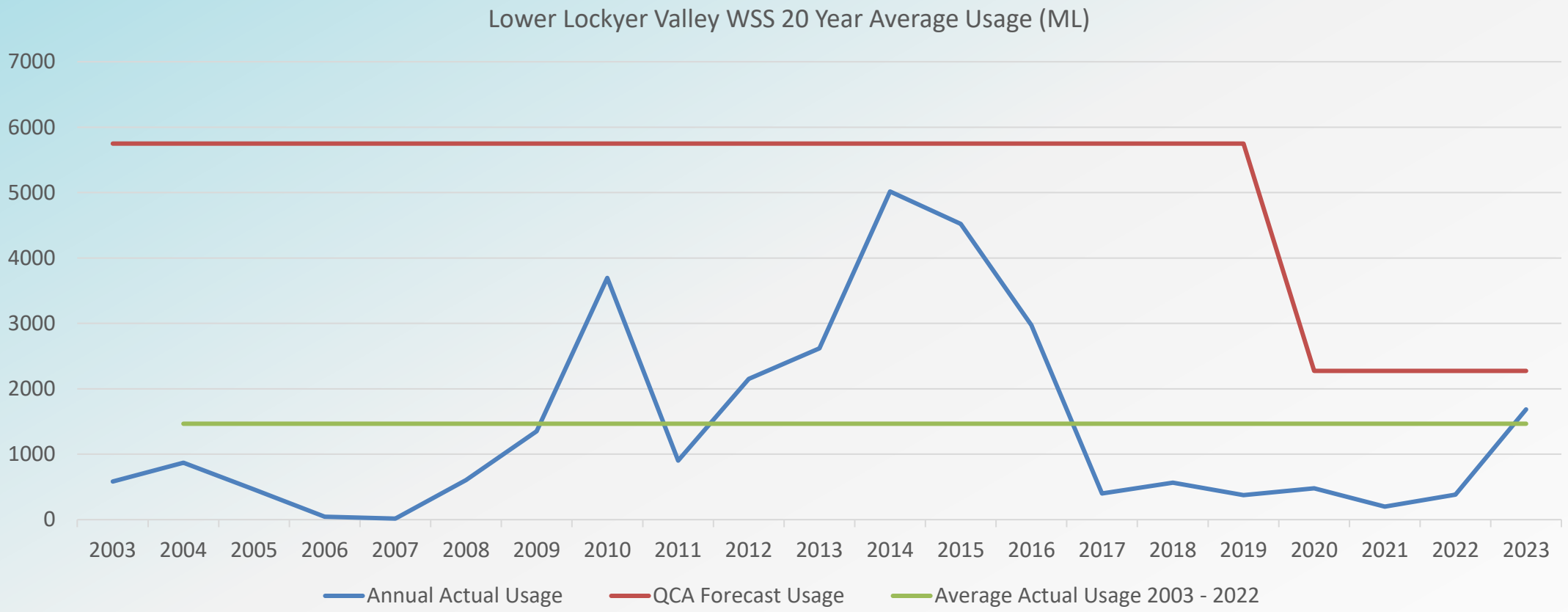
- 2020-21 – Atkinson Dam – Access safety improvements intake - $161,104
- 2020-21 – Sippels Weir – Potters Sippels Weir Refurb Works carried over - $483,290

Forecast renewals spend next price period

- Non – Metering – Replace Fencing – 2029/30 $164,000
- Metering – Upgrade water meter program – 2027/28 to 2029/30 $1,784,000

Water Usage

20 Year Average usage (ML)



2020-2024 Price Path – 20 Year Average Use – QCA Final – 2,274ML

2024-29 Price Path – 20 Year Average Use – Seqwater submission – 1,465ML

Proposed Costs & Prices

How is your price/ML calculated?

Maximum allowable revenue (price target)

Direct Costs

+

Indirect Costs

+

Rolling annuity (non-metering)

+

Rolling annuity (metering)

+

Tax Allowance

-

Revenue & efficiency offsets

=

Maximum allowable revenue

Recovery of maximum allowable revenue

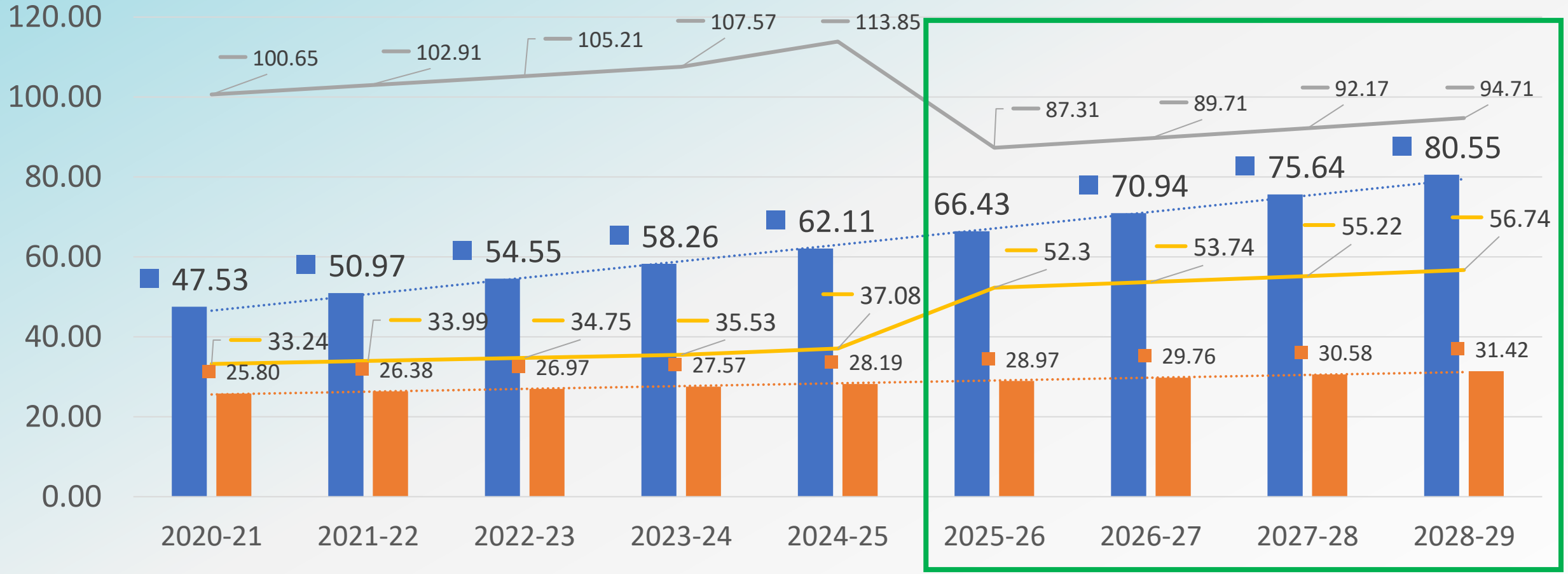
Lower Lockyer Tariff Group

CSO

Part A Price

Part B Price

LVWSS proposed draft prices 2025 to 2029



Lower Lockyer Valley - Cost Drivers

Over all forecast fixed costs to be recovered have decreased with the major shifts including:

- **$246k decrease in non-metering annuity, driven by 30-year forecast of non-metering renewals decreasing from $30M to $10M ($15M dam project removed).**
- **$107k decrease in indirect costs, driven by decrease in relative share of direct costs compared to other schemes.**
- **A slight decrease in Direct OPEX costs compared to previous review**
- **$38k increase in metering annuity, driven by $2.1M metering spend over FY28 to FY30.**

Despite costs to be recovered decreasing , the variable cost reflective price (Part B) has gone up due to the significantly lower 20 year average usage.

Next Steps

- **Publish minutes from the CRG pricing meeting and detailed presentation**
- **Action feedback from CRG and from you tonight and make applicable changes to costs if necessary**
- **We will close the loop with the CRG on outcome of feedback and final proposed costs and prices**
- **Finalise QCA submission and submit to QCA by 30 November**

Any questions??