Irrigation Price Path
1 July 2025 to 30 June 2029





Logan River Water Supply Scheme

Annual Customer Forum

12 October 2023

seqwater
WATER FOR LIFE

Irrigation Price Path 1 July 2025 to 30 June 2029

- We are developing a pricing proposal to submit to the Queensland Competition Authority (QCA) in late 2023.
- The QCA will review this proposal in line with its requirements under the Queensland Competition Authority Act 1997 and any conditions set out in a Referral Notice, before making a recommendation back to the Queensland Government.

Key milestones for the irrigation price review



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

Logan River WSS - Scheme Overview

115 Irrigation Customers	23,410.5ML in entitlements, with average annual usage of 4,779ML	141 total customers

Major Assets

• Maroon Dam • Wyaralong Dam	• Cedar Grove Weir • Bromelton Weir • South Maclean Weir • Bromelton Offstream Storage	• Gauging Stations • Customer Water Meters

Pricing Tariffs

$	**Single tariff group, with fixed (Part A) for Medium Priority entitlements and variable (Part B) charge**
	Water harvesting managed through DRDMW and taken through allocation water meters

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

How is your price/ML calculated?

Maximum allowable revenue

Direct Costs

+

Indirect Costs

+

Rolling annuity (non-metering)

+

Rolling annuity (metering)

+

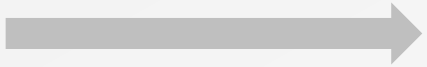
Tax Allowance

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Revenue & efficiency offsets

=

Maximum allowable revenue



Recovery of maximum allowable revenue

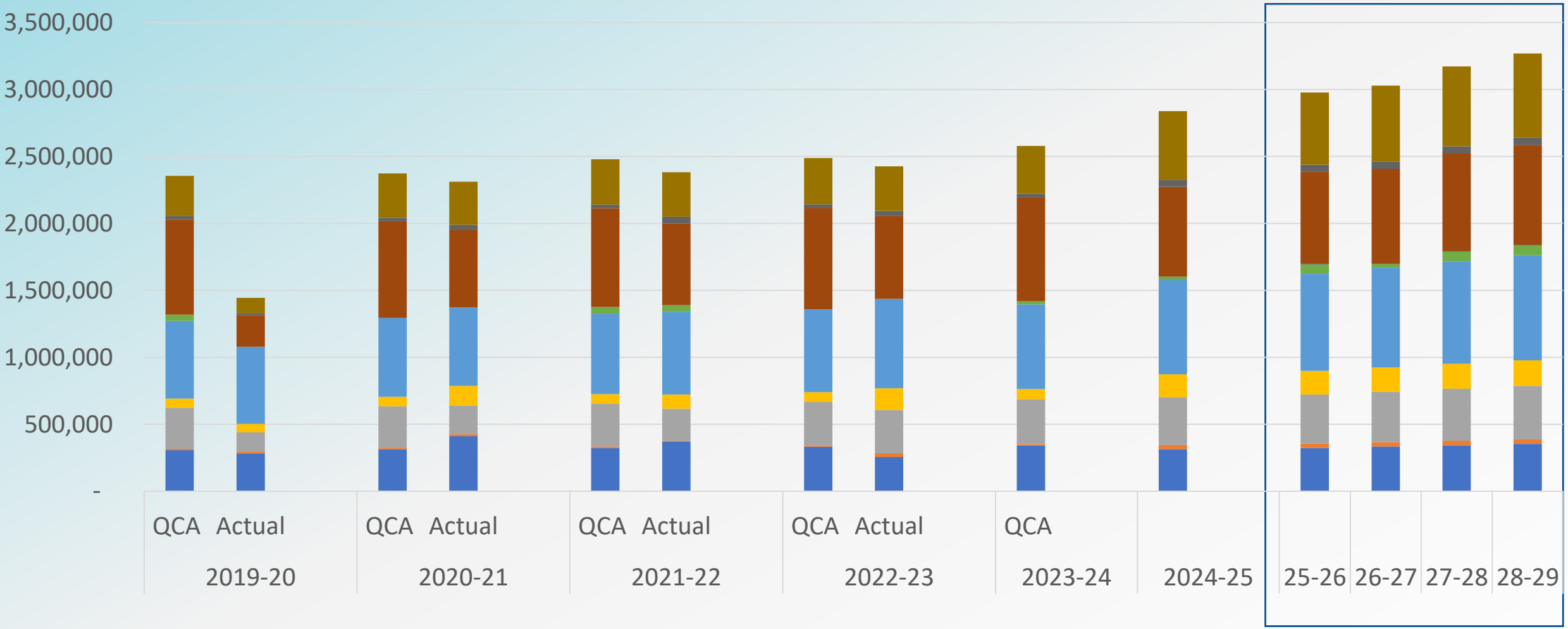
Difference paid as a CSO by Government

Part A (fixed)

Part B
(variable)

Expenditure

LRWSS –OPEX costs



Capital Expenditure (Renewals)

LRWSS – HUF review August 2023

2 Logan WSS

2.1 Key changes in data inputs

The following is a list of the key changes in HUF data inputs (since 2020), and commentary about the relative materiality of those changes to updated HUFs for the Logan WSS:

- On 3 March 2023, the provisions of the Logan Basin resource operations plan were recast into contemporary documents under provisions of the Water Act 2000. A water management protocol, an updated resource operations licence and its respective operations manual were published. These documents did not amend the intent or effective operation of the water sharing rules in the previous ROP

- Since the previous assessment an additional 37,000 ML of unallocated water has been released as high priority water allocations. This was previously accounted for in the HUF as unallocated water.
- The Transmission and Operational Allowance (TOA) parameters applied within the water sharing rules in the Logan WSS Operations Manual also reflect the increased volume of high priority water allocations (i.e. 46,856 ML) now in the scheme. This means that the TOAs in Table 8 of the Logan WSS Operations Manual are used.
- Bromelton Offstream Storage is now accounted for as a contributing storage within the water sharing rules for medium and high priority water allocations.
- On the 16th of May 2023, the Minister for Regional Development and Manufacturing and Minister for Water gave notice of the Proposed replacement of the Water Plan (Logan Basin) 2007. It is not expected that the current Water Plan will be finalised or replaced prior to the commencement of this price path.

A Headworks Utilisation Factor (HUF) describes the percentage of a WSS's storage headworks volumetric capacity that is effectively utilised by each priority group of water entitlements in that scheme. This factor is a key consideration in, and input to, the allocation of the relevant capital costs (i.e. asset value and renewal costs) associated with Seqwater's bulk water assets.

Outcome: WVWSS HUF 2025-29
MP - 1% (previous price path 2%)

Actual Capital (renewals) expenditure

Current price path

- **Non Metering Renewals – total spent $1,368,000 – Irrigation Share $27,360**
  - Replace fencing $74,000
  - River bank erosion Bromelton Weir $1,090,000
  - Building repair work Maroon Dam $7,000
  - Repair erosion works Cedar grove weir $132,000
  - Fishway level sensor upgrade Cedar Grove Weir $65,000

- **Metering Renewals – Irrigation Share 100%**
  - Replace meters $547,000

LRWSS _ Forecast renewals spend next price period

- **Non Metering Renewals – future spend $1,811,000 – Irrigation Share $18,110**
  - Replace fencing $234,000
  - Outlet works, replace valve and install new with actuator $460,000
  - Replace office building Wyaralong Dam $448,000
  - Refurbish dewatering valve and assemble at Wyaralong Dam $379,000
  - Refurbish baulks at Wyaralong Dam $290,000

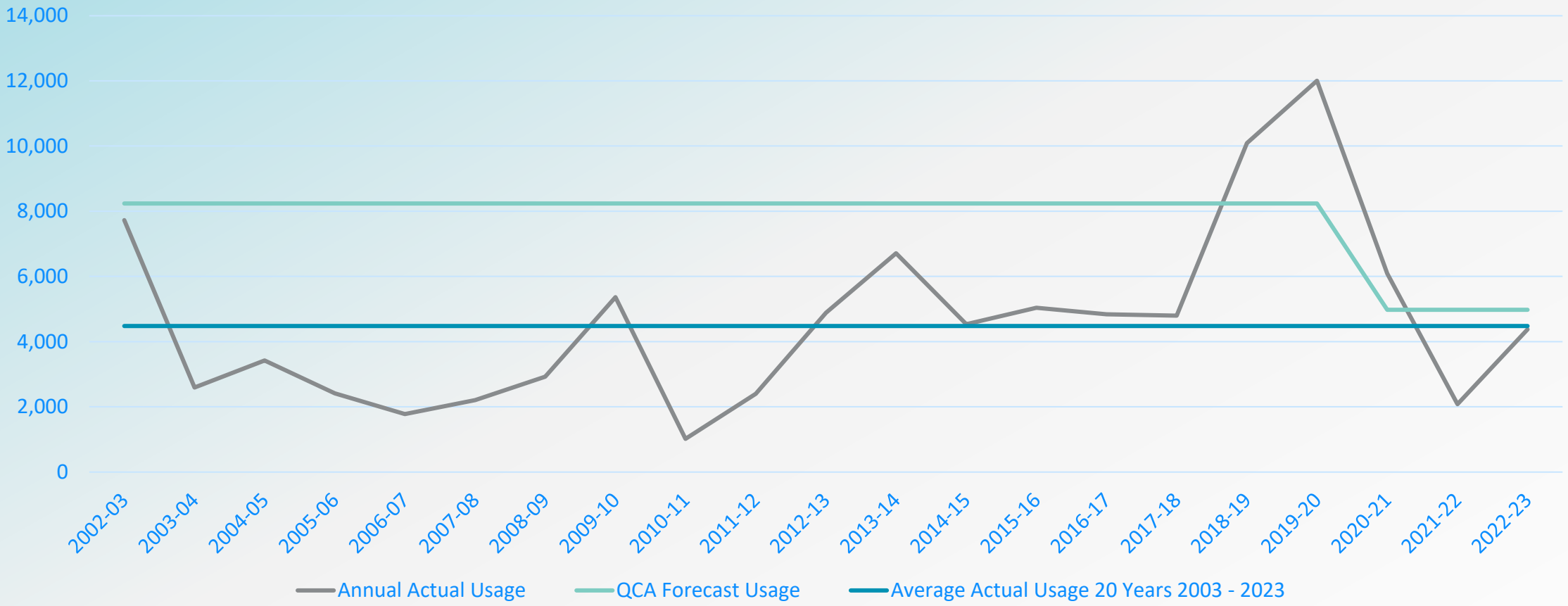
- **Metering Renewals – Irrigation Share 100%**
  - Upgrade ~~meters $1,904,000~~ $1,172,000

Non-metering renewals Irrigation share (Medium Priority) 1% as per HUF

Metering renewals Irrigation share (Medium Priority) 100%

Water Usage

20 Year Average usage (ML)



2020-2024 Price Path – 20 Year Average Use – QCA Final – 4,976ML

2024-29 Price Path – 20 Year Average Use – Seqwater submission – 4,477ML

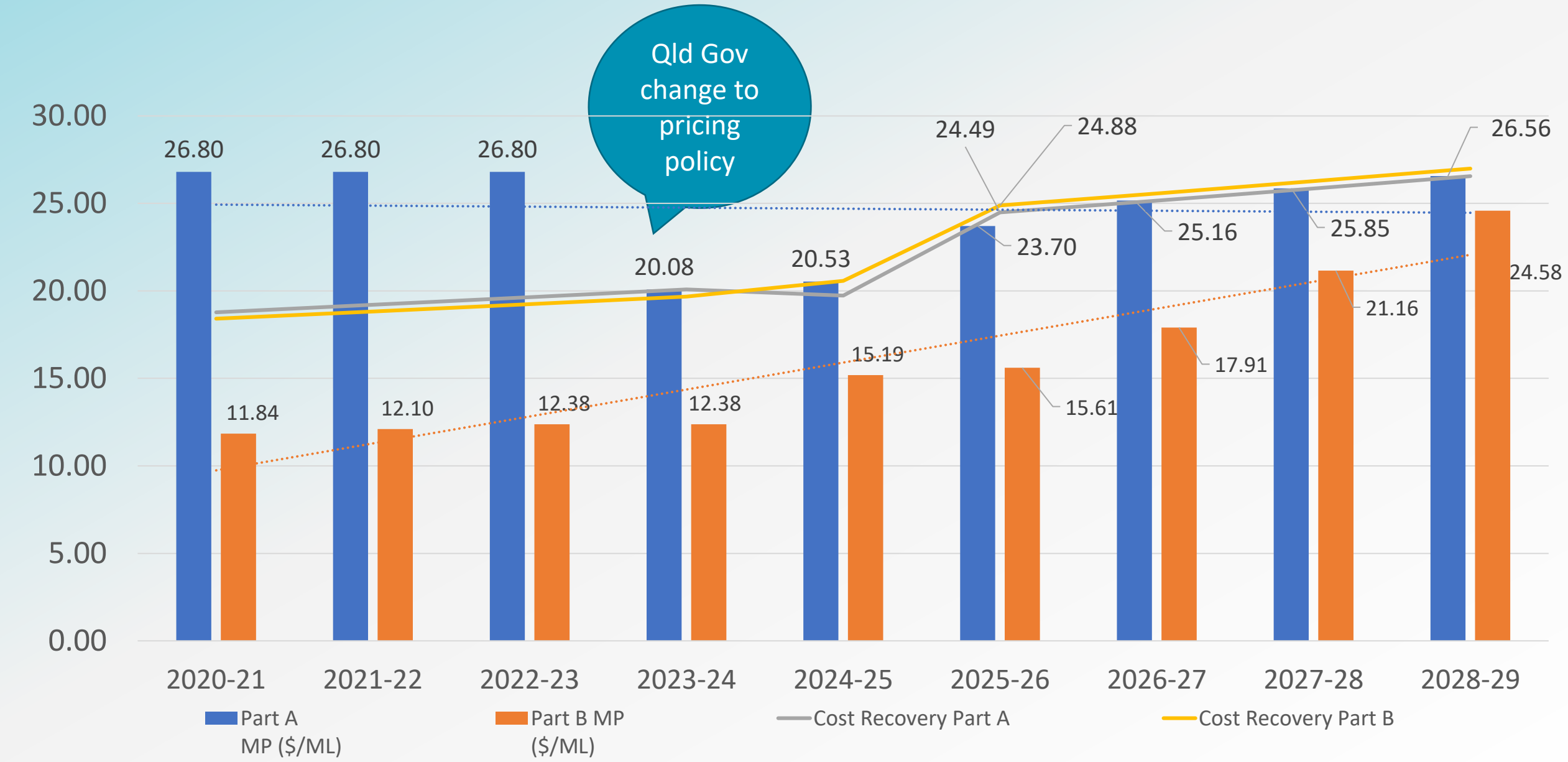
Proposed Costs & Prices

CRG feedback

Seqwater to follow up on the following:

- Seqwater to look at an alternative to the 20-year annual water usage
- Seqwater need to demonstrate the metering costs are prudent and efficient
- Renewal Project – Office building replace – demonstrate costs are prudent and efficient
- Advise customers the % increase of the Part A & Part B prices

LRWSS proposed draft prices 2025 to 2029



Logan River - Cost Drivers

Forecast draft fixed costs (recovered through Part A) for FY26 $326k, relative to $273k forecast at previous review (i.e. $52K or 19% increase)

Driven by:

- **$60K increase in metering annuity, driven by $1.17M metering spend in over Fy24-FY27.**

- **Forecast draft variable costs (recovered through Part A tariff) for FY26 $111k, relative to $104k forecast at previous review, (i.e. $7K or 7% increase). Driven by an increase direct costs (relating to repairs and maintenance and other costs) and the significant change is the drop in 20 year average for usage. 4,976ML compared to this period 4,477ML.**

Part A Cost Drivers (con't)

Table below shows how the metering annuity is the sole cost driver for increase in fixed costs/Part A tariff, as discussed earlier.

	2020 review (PREVIOUS)	2025 review (UPCOMING)	Variance
	FY26	FY26	
Logan River - Part A cost recovery			
Direct Costs	137,536	141,219	3,683
Indirect Costs	103,153	89,379	-13,774
Rolling Annuity- Non-Metering	3,253	2,864	-389
Rolling Annuity- Metering	37,559	97,244	*59,686
Revenue Offset	-2,782	-4,870	-2,088
Efficiency Target	-4,891	0	4,891
Tax Allowance	0	0	0
	273,827	**325,837**	**52,010**
			19%

** Rolling Annuity- Metering increase driven by $1.17M metering spend in FY24-FY27.*

Impacts on price – metering spend adjustment

Logan River (original metering spend)

Cost reflective prices	Prevailing	Price review 2025/26 – 2028/29			
	FY25	FY26	FY27	FY28	FY29
Part A ($/ML)	20.53	27.63	28.39	29.17	29.97
		34.58%	2.75%	2.75%	2.75%
Part B ($/ML)	15.19	24.88	25.56	26.27	26.99
		63.80%	2.75%	2.75%	2.75%

Logan River (proposed new metering spend)

Cost reflective prices	Prevailing	Price review 2025/26 – 2028/29			
	FY25	FY26	FY27	FY28	FY29
Part A ($/ML)	20.53	24.49	25.16	25.85	26.56
		19.27%	2.75%	2.75%	2.75%
Part B ($/ML)	15.19	24.88	25.56	26.27	26.99
		63.80%	2.75%	2.75%	2.75%

Impact on Logan River cost reflective prices from adopting proposed new metering spend

	Prevailing	Price review 2025/26 – 2028/29							
	FY25	FY26		FY27		FY28		FY29	
Part A ($/ML)	-	-	3.14	-	3.23	-	3.32	-	3.41
Part B ($/ML)	-		-		-		-		-

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??