Irrigation Price Path
1 July 2025 to 30 June 2029





Central Lockyer Valley Water Supply Scheme

Annual Customer Forum

24 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

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

Central Lockyer Valley Tariff Group

CSO

Part A Price

Part B Price

Morton Vale Pipeline Tariff Group

CSO

Part A Price

Part B Price

Part C Price

Part D Price

Central Lockyer Valley WSS - Scheme Overview

138 Irrigation customers	37,391 ML in entitlements, with average annual usage of 5,420 ML	141 total customers

Major Assets

• Bill Gunn Dam • Clarendon Dam	• Kentville Weir • Jordan I & II Weirs • Wilson Weir • Clarendon Weir • Glenore Grove Weir • Laidley Creek Diversion • Showgrounds Weir • Crowley Vale Weir	• Redbank Creek Pump Station • Clarendon Pump Station • Clarendon Diversion Channels • Gauging stations • Customer 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
	Significant electricity costs when diverting water to Lake Clarendon

Pricing Tariffs

$	**Single tariff group, with fixed (Part A) for all Medium Priority entitlements and variable (Part B) charge. (No tariff for GW-LP)**
	No risk or other forms of entitlements or usage (e.g. water harvesting)

Morton Vale Pipeline - Overview

40 Irrigation customers	790 ML in entitlements, with average annual usage of 573 ML	40 total customers

Major Assets

• Clarendon Dam	• Morton Vale Pipeline • Customer Water Meters

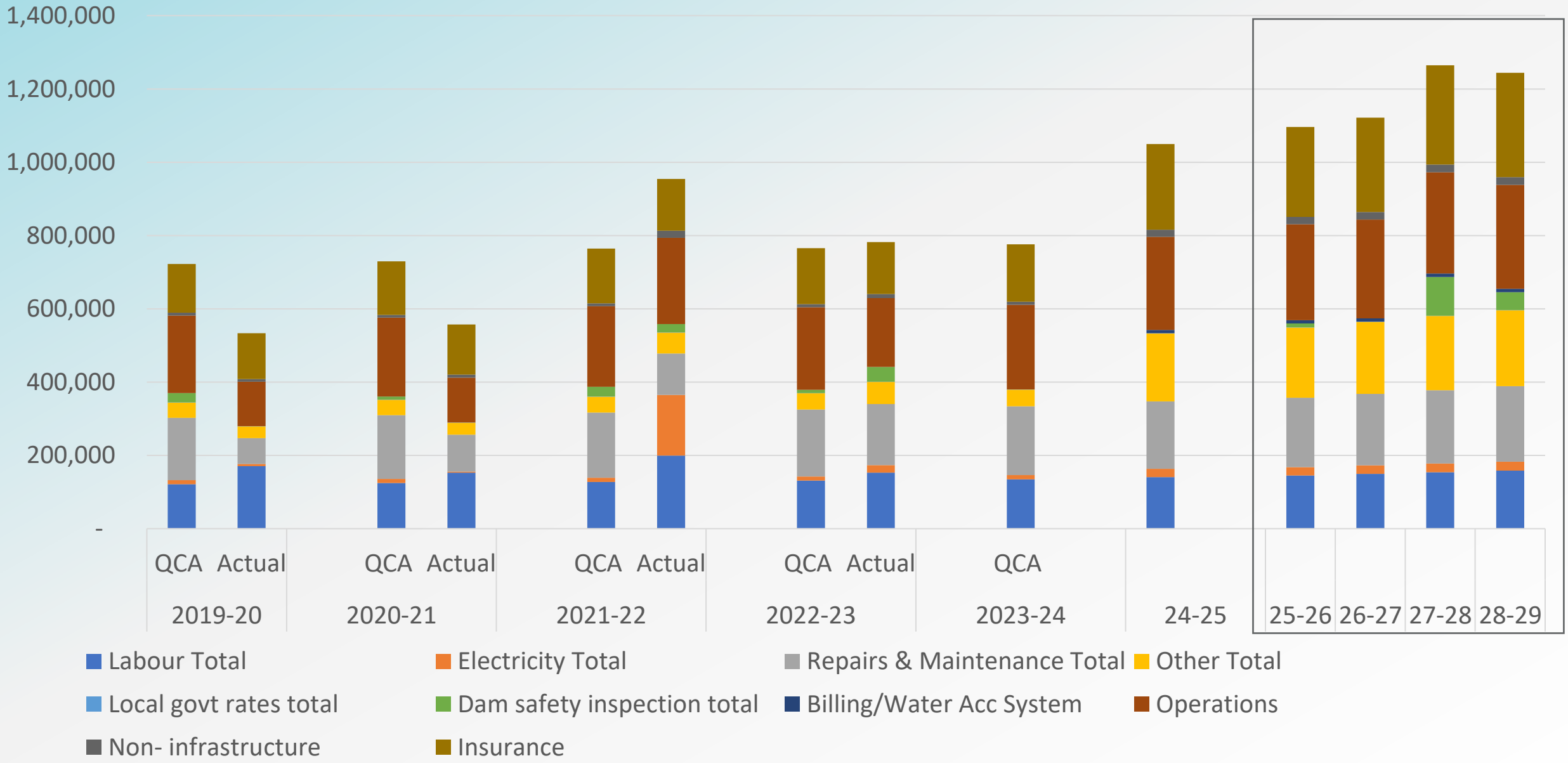
Pricing Tariffs

$	**Single tariff group, with fixed (Part A) for all Medium Priority entitlements and variable (Part B) charge. (No tariff for GW-LP)**
	No risk or other forms of entitlements or usage (e.g. water harvesting)

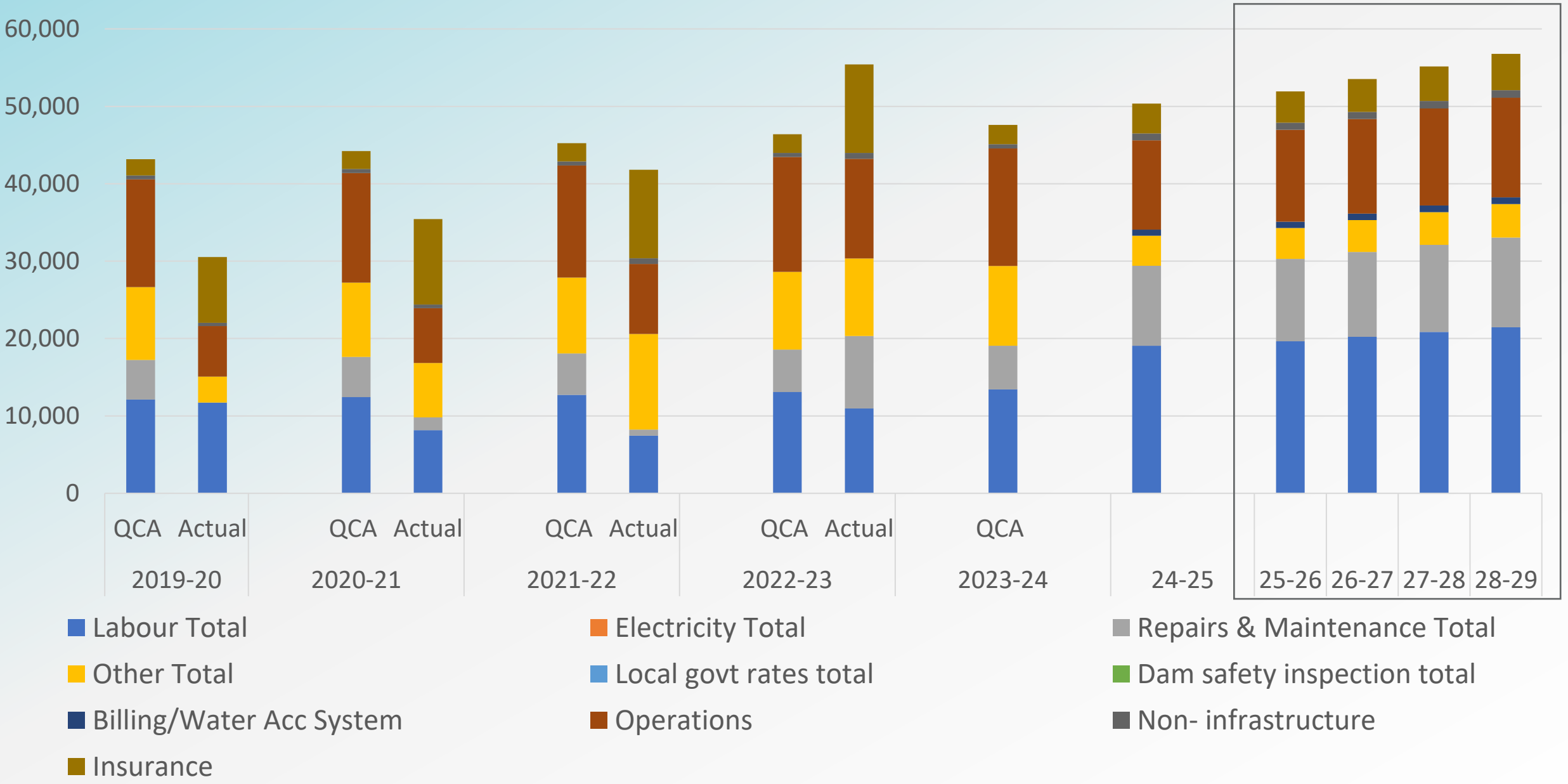
Key Operations and Maintenance activities	
	Preventative and corrective maintenance
	Refurbishment/maintenance
	Upgrade, maintain and validate customer flow meters
	Scheduling releases
	No significant electricity costs as the Morton Vale Pipeline is gravity fed

Expenditure

CLVWSS –OPEX costs

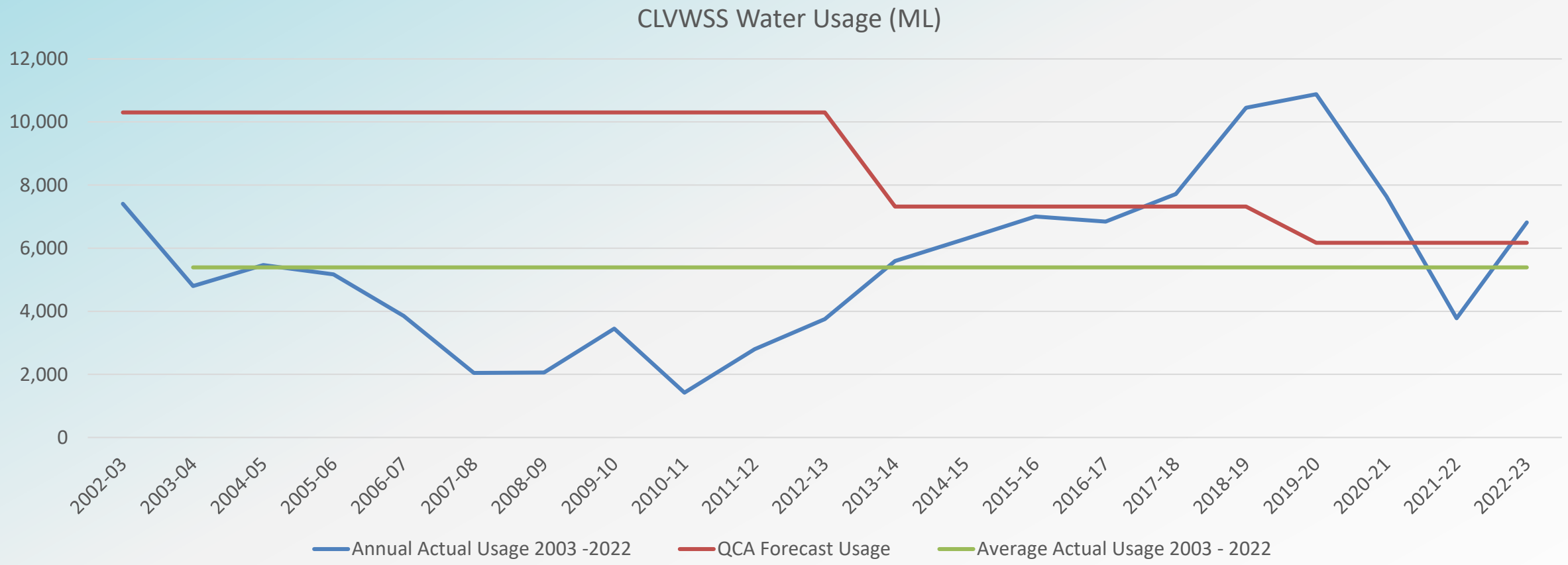


Morton Vale Pipeline –OPEX costs



Water Usage

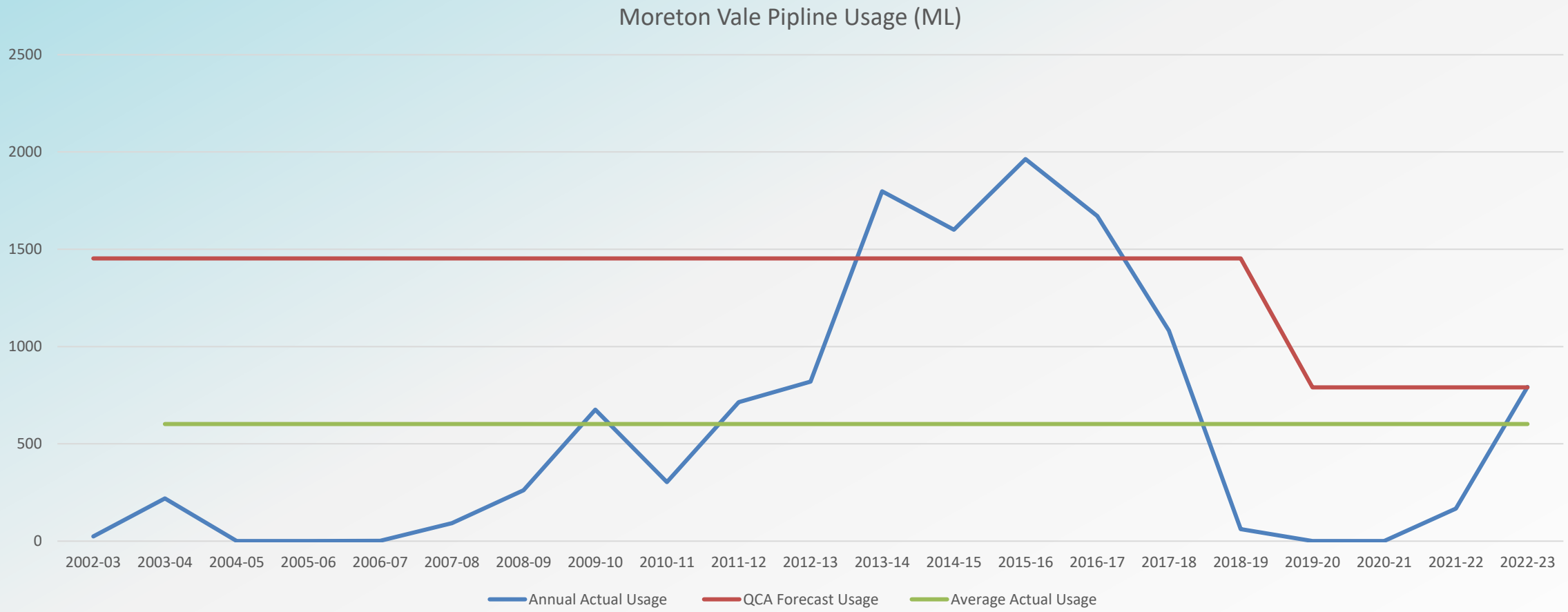
CLVWSS - 20 Year Average usage (ML)



2020-2024 Price Path – 20 Year Average Use – QCA Final – 6,170ML

2024-29 Price Path – 20 Year Average Use – Seqwater submission – 5,391ML

MVP - 20 Year Average usage (ML)



2020-2024 Price Path – 20 Year Average Use – QCA Final – 790ML

2024-29 Price Path – 20 Year Average Use – Seqwater submission – 601ML

Capital Expenditure (Renewals)

CLVWSS – HUF review August 2023

Key considerations:

- 2 October 2020 Moreton Water Plan was amended:
  - to provide for the conversion of supplemented and unsupplemented water entitlements to volumetric.
  - Split and convert the groundwater entitlements to LP & MP
  - Water sharing rules were updated however, only considered interim or on trial until better data is available and the hydrologic models are developed
- Surface water storages have been virtually empty for several years at a time, this means that the standard methodology for calculating HUFs would return inappropriate results due to the very low probabilities of the dams storing water in this scheme

- Based on the above, it is not considered warranted or appropriate to replace the approach that the QCA have used previously, simply using water entitlements volumes to allocate fix costs

A Headworks Utilisation Factor (HUF) is a cost allocation tool that 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: CLVWSS HUF 2025-29 MP – 99.08% (previous price path 98.9%)

MP WAE 19,849ML / HP LOSS WAE 185ML

Forecast Capital (renewals) expenditure

- **Non Metering Renewals –**
  - Laidley Weir valve replacement – 2028/29 - $532,000
  - Finishing off the telemetry on customer meters – 2023/24 - $275,000
  - Install flow measurement device to record releases from RWPS – 2024/25 - $135,000
  - Clarendon Weir - Refurb inlet bulkhead gates - 2024/25 – $ 123,000
  - Clarendon Dam - Recoat the outlet works baulks with a projective coating - 2024/25 - $120,000
  - Clarendon Dam - Recoat the outlet work trash rack with a projective coating - 2024/25 - $120,000

- **Metering Renewals – None**

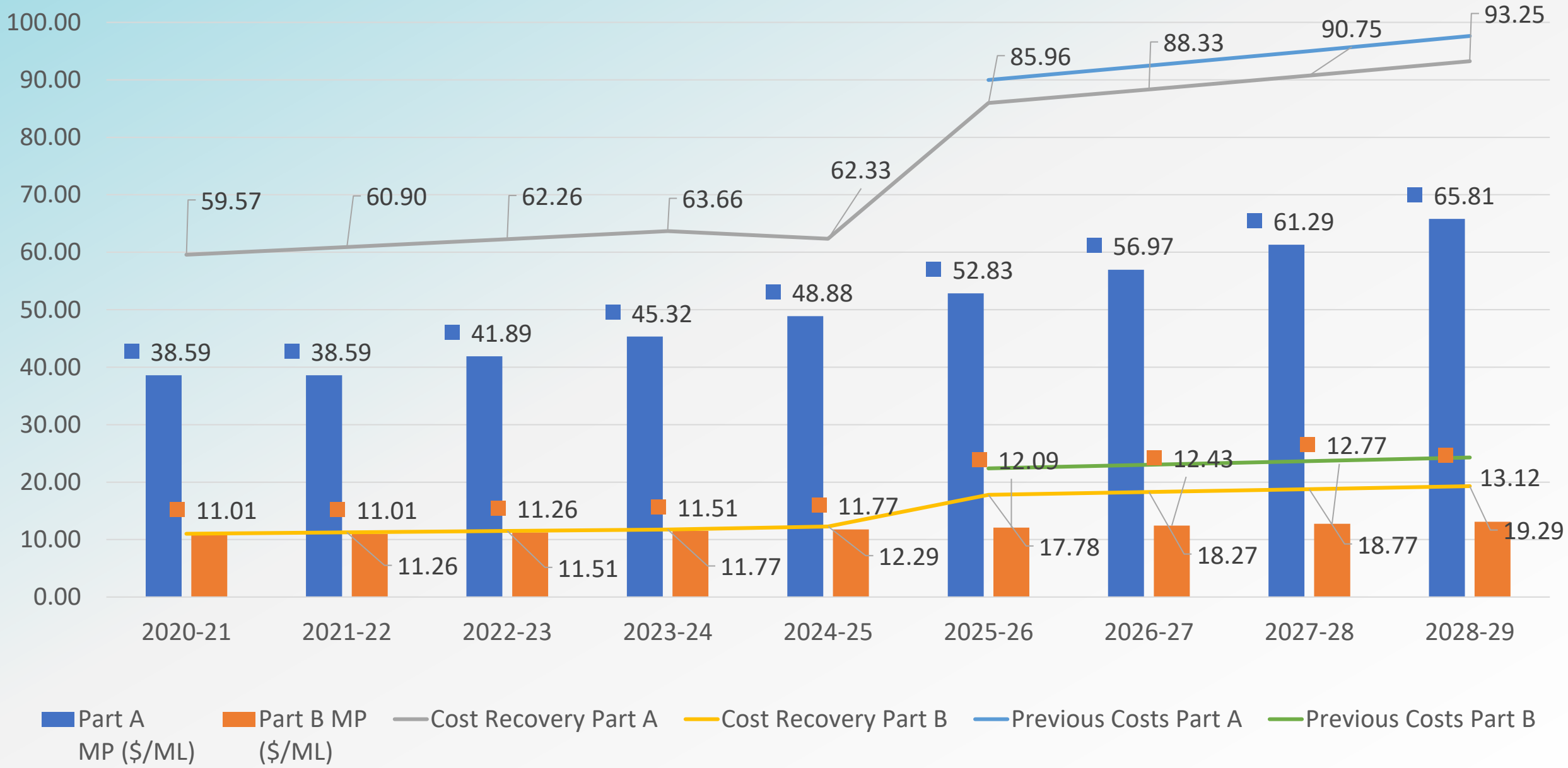
Proposed Costs & Prices – Central Lockyer

CRG feedback

Seqwater to investigate the following:

- Seqwater to recast usage input considering impact of faulty meters and remove years where no water allocation was available to help with Part B costs **(changed from 5,391ML to 5,891ML)**
- Seqwater to investigate whether to absorb the projected $135k costs associated with RWBS gauging station/flow meter for Jordan's weir
- Seqwater to include capital expenditure budget for a screen for the inlet rack at Lake Dyer (Bill Gunn) **(included an additional $20 FY 25)**
- Seqwater to include capital expenditure budget for desilting works **(included an additional $335 FY 25)**
- Seqwater to validate costs associated with the management of the groundwater observation bores – proposed costs at 1st cut ($157k p.a.) **(reduced forecast costs to $92K pa)**

CLVWSS proposed draft prices 2025 to 2029



CLVWSS – Cost Reflective Price comparison

Central Lockyer updated cost reflective prices.

Cost reflective prices	Price review 2020/21 –2023/24				Extension	Price review 2025/26 – 2028/29			
	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29
Part A ($/ML)		38.59	41.89	45.32	48.88	85.96	88.33	90.75	93.25
			8.54%	8.18%	7.86%	75.86%	2.75%	2.75%	2.75%
Part B ($/ML)		11.01	11.26	11.51	11.77	17.78	18.27	18.77	19.29
			2.24%	2.24%	2.28%	51.07%	2.75%	2.75%	2.75%

Central Lockyer previous cost reflective prices.

Cost reflective prices	Price review 2020/21 –2023/24				Extension	Price review 2025/26 – 2028/29			
	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29
Part A ($/ML)		38.59	41.89	45.32	48.88	89.99	92.47	95.01	97.62
			8.54%	8.18%	7.86%	84.11%	2.75%	2.75%	2.75%
Part B ($/ML)		11.01	11.26	11.51	11.77	22.40	23.02	23.65	24.30
			2.24%	2.24%	2.28%	90.34%	2.75%	2.75%	2.75%

CLVWSS – What customers pay

Central Lockyer updated cost reflective prices.

Cost reflective prices	Price review 2020/21 –2023/24				Extension	Price review 2025/26 – 2028/29			
	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29
Part A ($/ML)		38.59	41.89	45.32	48.88	85.96	88.33	90.75	93.25
			8.54%	8.18%	7.86%	75.86%	2.75%	2.75%	2.75%
Part B ($/ML)		11.01	11.26	11.51	11.77	17.78	18.27	18.77	19.29
			2.24%	2.24%	2.28%	51.07%	2.75%	2.75%	2.75%

Central Lockyer government policy prices.

Government policy prices	Price review 2020/21 –2023/24				Extension	Price review 2025/26 – 2028/29			
	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29
Part A ($/ML)		38.59	41.89	45.32	48.88	52.83	56.97	61.29	65.81
			8.54%	8.18%	7.86%	8.09%	7.83%	7.59%	7.37%
Part B ($/ML)		11.01	11.26	11.51	11.77	12.09	12.43	12.77	13.12
			2.24%	2.24%	2.28%	2.75%	2.75%	2.75%	2.75%

Central Lockyer - Cost Drivers

Forecast fixed costs (recovered through Part A tariff) for FY26 are $1.53M, relative to $1.05M forecast at previous review (i.e. $489k or 47% increase).

Drivers:

- $210k increase in direct costs, predominately caused by new (additional costs) $92k of management of the observation bores ,$28,000 for the telemetry and software costs for the customer flow meters and $10k for water accounting system, $80k increase in insurance costs. However generally been an increase across labour, electricity, and dam safety costs.
- $39k increase in indirect costs attributable to increase in direct costs.
- $162k increase in non-metering annuity driven by increase in non-metering renewal spend.
- $64k increase in metering annuity driven by increase in metering renewals spend.

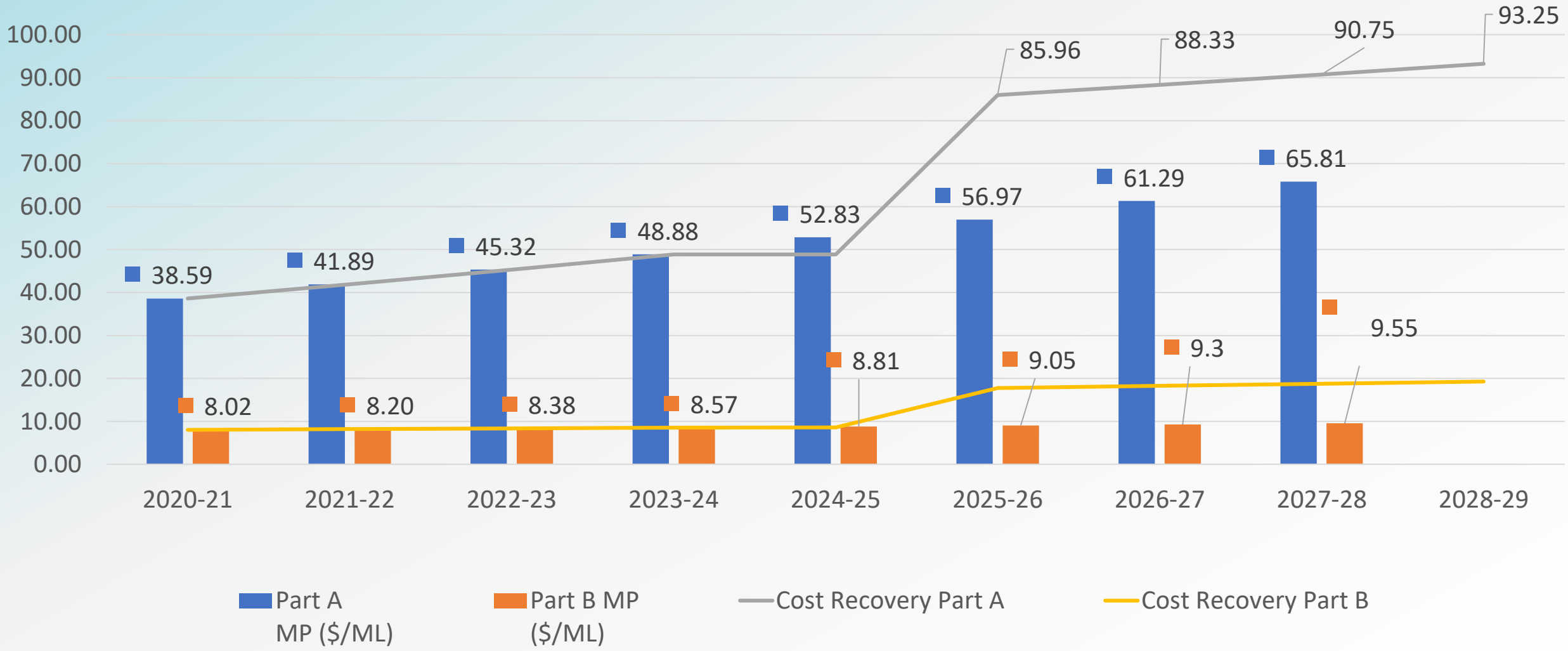
Forecast variable costs (recovered through Part B tariff) for FY26 are $105k, relative to $77k forecast at previous review (i.e. $28k or 36% increase). Driven predominately by increase in direct costs relating to other costs.

Central Lockyer - Cost Drivers (con't)

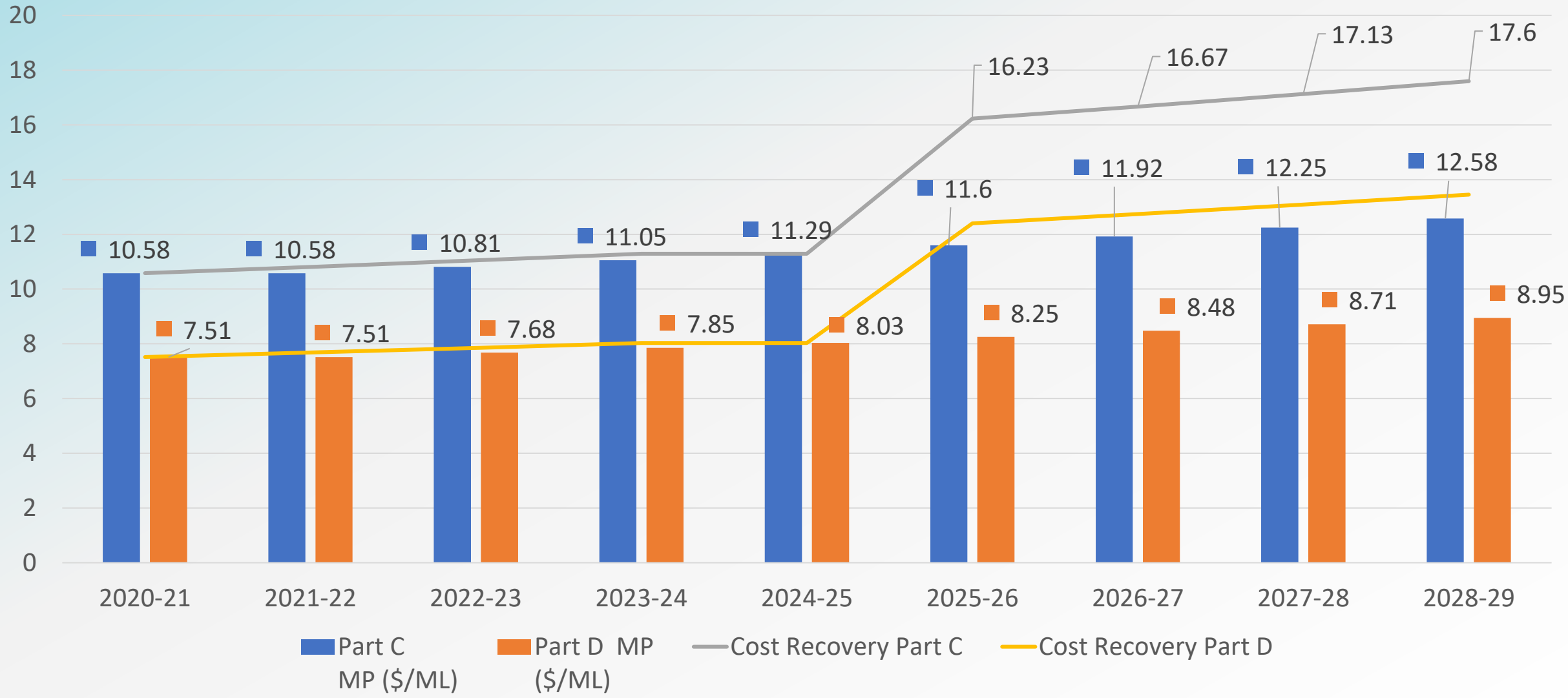
	2020 review (PREVIOUS)	2025 review (UPCOMING)	Variance
	FY26	FY26	
Central Lockyer - Part A cost recovery			
Direct Costs	483,746	694,113	210,367
Indirect Costs	248,750	287,902	39,153
Rolling Annuity- Non-Metering	259,731	421,919	162,188
Rolling Annuity- Metering	67,211	131,428	64,217
Revenue Offset	-1,586	-583	1,003
Efficiency Target	-12,512	0	12,512
Tax Allowance	0	0	0
	1,045,340	**1,534,779**	**489,439**
			47%

Proposed Costs & Prices – Morton Vale Pipeline

MVP proposed draft prices 2025 to 2029 Part A & Part B



MVP proposed draft prices 2025 to 2029 Part C & Part D



MVP – Cost Reflective Price comparison

Morton Vale pipeline updated cost reflective prices.

Cost reflective prices	Price review 2020/21 –2023/24				Extension	Price review 2025/26 – 2028/29			
	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29
Part A ($/ML)		38.59	41.89	45.32	48.88	85.96	88.33	90.75	93.25
			8.54%	8.18%	7.86%	75.86%	2.75%	2.75%	2.75%
Part B ($/ML)		8.02	8.20	8.38	8.57	17.78	18.27	18.77	19.29
			2.24%	2.24%	2.27%	107.48%	2.75%	2.75%	2.75%
Part C($/ML)		10.58	10.81	11.05	11.29	16.23	16.67	17.13	17.60
			2.17%	2.22%	2.17%	43.74%	2.75%	2.75%	2.75%
Part D($/ML)		7.51	7.68	7.85	8.03	12.40	12.74	13.09	13.45
			2.21%	2.21%	2.29%	54.38%	2.75%	2.75%	2.75%

Morton Vale pipeline previous cost reflective prices.

Cost reflective prices	Price review 2020/21 –2023/24				Extension	Price review 2025/26 – 2028/29			
	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29
Part A ($/ML)		38.59	41.89	45.32	48.88	89.99	92.47	95.01	97.62
			8.54%	8.18%	7.86%	84.11%	2.75%	2.75%	2.75%
Part B ($/ML)		8.02	8.20	8.38	8.57	22.40	23.02	23.65	24.30
			2.24%	2.24%	2.27%	161.41%	2.75%	2.75%	2.75%
Part C($/ML)		10.58	10.81	11.05	11.29	16.30	16.74	17.20	17.68
			2.17%	2.22%	2.17%	44.33%	2.75%	2.75%	2.75%
Part D($/ML)		7.51	7.68	7.85	8.03	12.64	12.99	13.35	13.72
			2.21%	2.21%	2.29%	57.47%	2.75%	2.75%	2.75%

MVP – What customers pay

Morton Vale pipeline government policy prices

Government policy prices	Price review 2020/21 –2023/24			Extension	Price review 2025/26 – 2028/29			
	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29
Part A ($/ML)	38.59	41.89	45.32	48.88	52.83	56.97	61.29	65.81
		8.54%	8.18%	7.86%	8.09%	7.83%	7.59%	7.37%
Part B ($/ML)	8.02	8.20	8.38	8.57	8.81	9.05	9.30	9.55
		2.24%	2.24%	2.27%	2.75%	2.75%	2.75%	2.75%
Part C ($/ML)	10.58	10.81	11.05	11.29	11.60	11.92	12.25	12.58
		2.17%	2.22%	2.17%	2.75%	2.76%	2.77%	2.69%
Part D ($/ML)	7.51	7.68	7.85	8.03	8.25	8.48	8.71	8.95
		2.21%	2.21%	2.29%	2.74%	2.79%	2.71%	2.76%

MVP - Cost Drivers

Forecast fixed costs (recovered through Part A tariff) for FY26 are $76k, relative to $49k forecast at previous review (i.e. $27k or 56% increase).

Drivers:

- The predominate driver is a $28k increase to the metering annuity driven by increase in metering renewals spend.

Forecast variable costs (recovered through Part B tariff) for FY26 are $6.2k, relative to $6.9k forecast at previous review (i.e. $700 or 11% increase). Driven predominately by increase in direct costs labour and repairs and maintenance.

	2020 review (PREVIOUS)	2025 review (UPCOMING)	Variance
	FY26	FY26	
Morton Vale pipeline - Part A cost recovery			
Direct Costs	27,456	31,472	4,016
Indirect Costs	16,548	13,603	-2,944
Rolling Annuity- Non Metering	2,723	-279	-3,001
Rolling Annuity- Metering	2,740	31,496	28,756
Revenue Offset	0	-241	-241
Efficiency Target	-722	0	722
Tax Allowance	0	0	0
	48,744	**76,052**	**27,308**
			56%

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??