Irrigation Price Path
1 July 2025 to 30 June 2029





Mary Valley Water Supply Scheme

Annual Customer Forum

3 October 2023

seqwater
WATER FOR LIFE

The proposal we are presenting is an early estimate 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

Mary Valley WSS - Scheme Overview

132 irrigation customer	31,271 ML in entitlements, with average annual usage of 6,662 ML	164 total customers

Major Assets

• Borumba Dam	• Gympie Weir • Measuring Flume (downstream of Borumba spillway) • Imbil Weir	• Gauging Station • Measuring weirs • Pipelines • Water Meters

Pricing Tariffs

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

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

Pie Creek Distribution- Scheme Overview

29 irrigation customer	822 ML in entitlements, with average annual usage of 216 ML	47 total customers

Major Assets

• Borumba Dam, is the schemes major storage	• Pie Creek Pump Station	• Open Channels • Pipelines • Measuring weirs • Water Meters

Pricing Tariffs

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

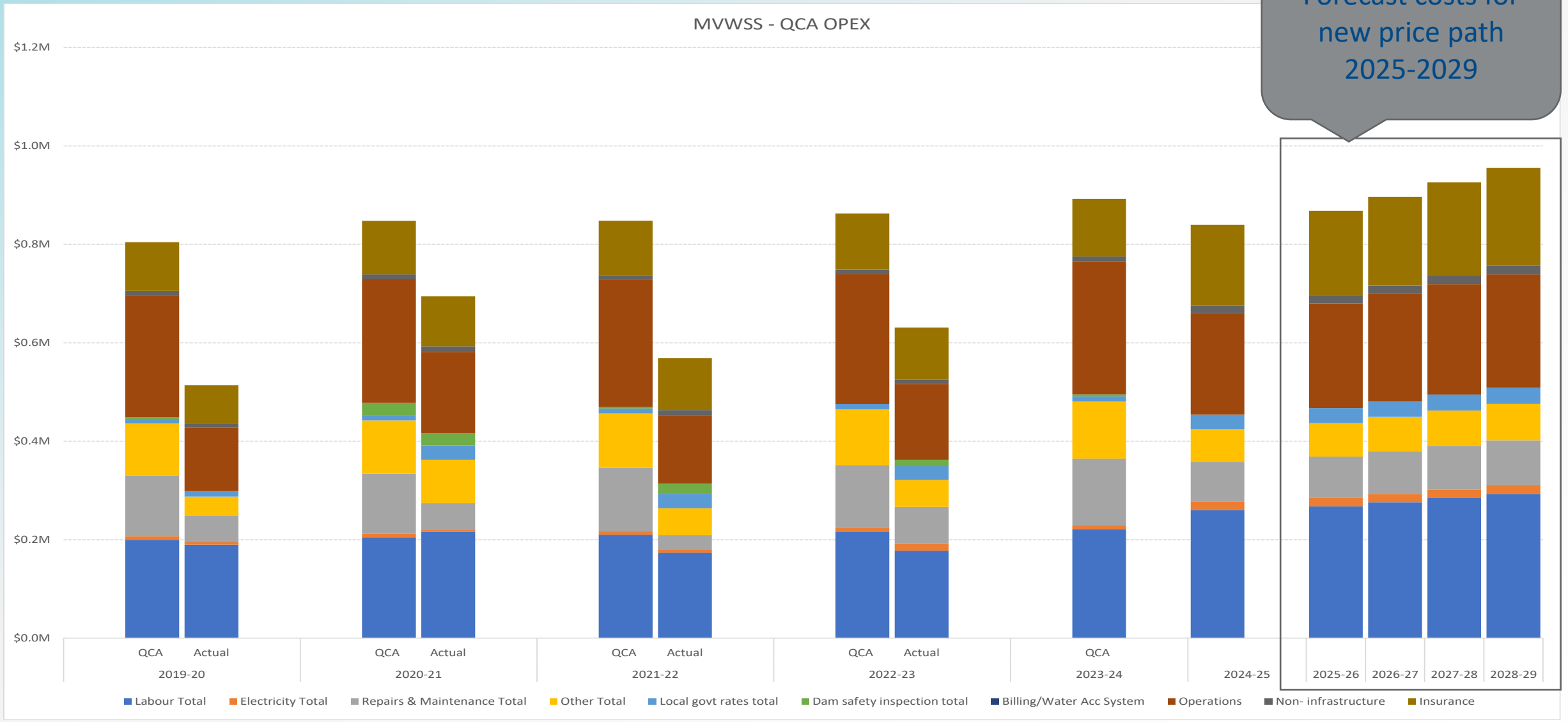
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	Refurbishment/maintenance
	Rates
	Upgrade, maintain and validate customer flow meters
	Channel flows and scheduling releases
	No significant electricity costs using assets

Expenditure

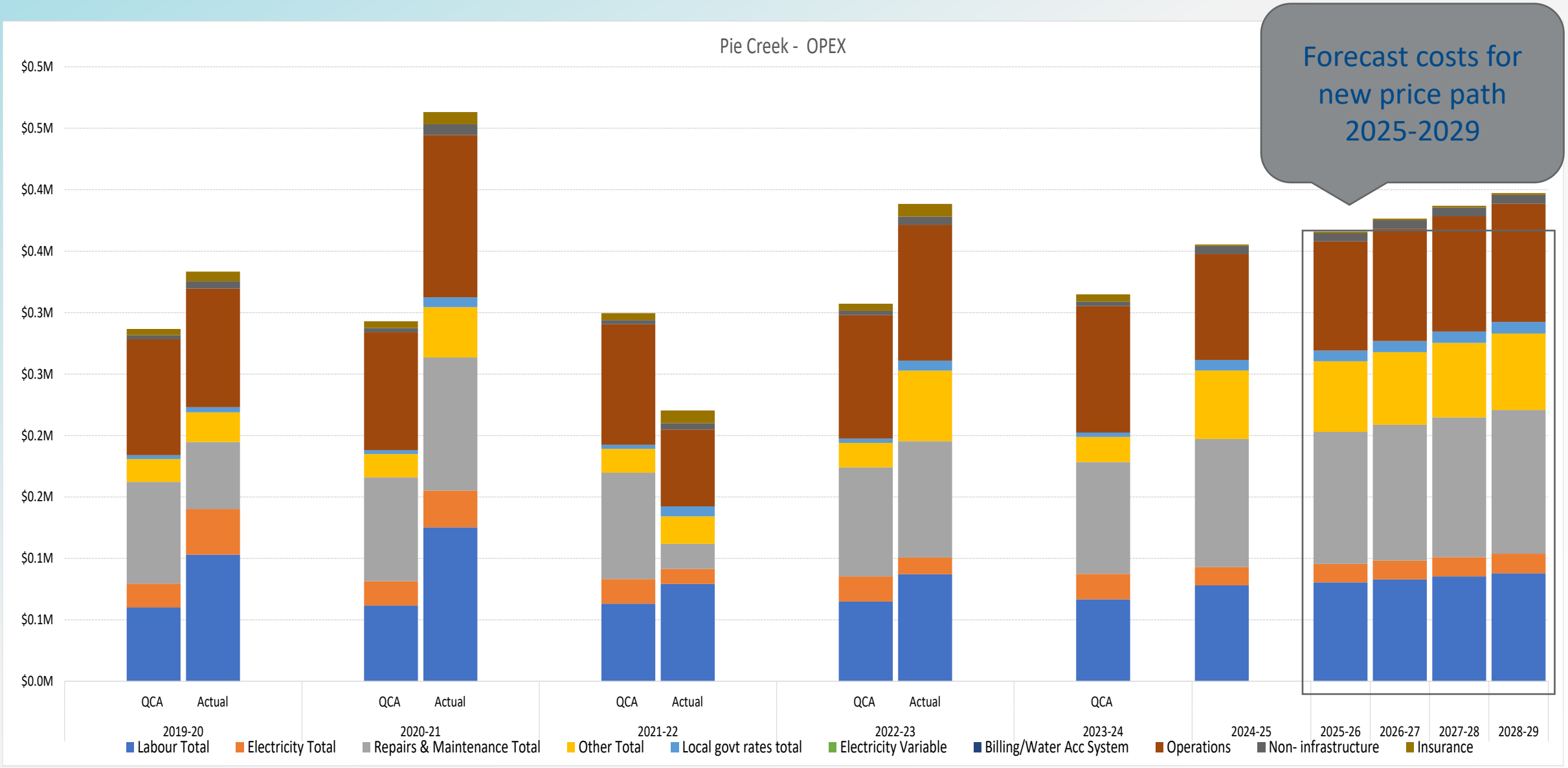
MVWSS – OPEX

Current price path 2020 -24 (extended by 1 year to 2025)

Forecast costs for new price path 2025-2029



Pie Creek Distribution OPEX Costs



Forecast costs for new price path 2025-2029

Renewals

MVWSS – Renewals Expenditure

Actual Renewal spend current price path 2020-2021

- Non- Metering Renewals:
  2022-23 Electrical Switchboard Replacement- $20,463
- Metering Renewals:
  2020-21 Upgrade water meters - $1,681

Forecast Renewal spend future price path 2025-2029

	Project Title	Description	2023/2024 ($'000)	2024/2025 ($'000)	2025/2026 ($'000)	2026/2027 ($'000)	2027/2028 ($'000)	2028/2029 ($'000)	2029/2030 ($'000)
Non-Metering Renewals	DBR: Refurb the Access Road	Rehabilitate the existing road including the drainage system	0	0	0	0	50	0	537
	DBR: Renew Lookout Distribution Board	Replace the switchboards to improve reliability and reduce WHS risk	0	0	0	360	0	0	0
	DBR: Replace Outlet Valves	This project is to replace the two cone valve with new type of valve designed to release when submerged .	0	0	0	0	50	160	0
Metering Renewals	IUM: Upgrade Water Meters	The project is to replace Flow Meters and upgrade existing infrastructure to ensure they meet regulation and guideline in Mary Valley	159	764	788	0	0	0	0

Pie Creek - Renewals Ependiture

Actual Renewal spend current price path 2020-2024

- Non- Metering Renewals:
  2021-22 & 2022-23 -Water Pump Cables $57,037
  -Pump 2 Refurbishment $30,891

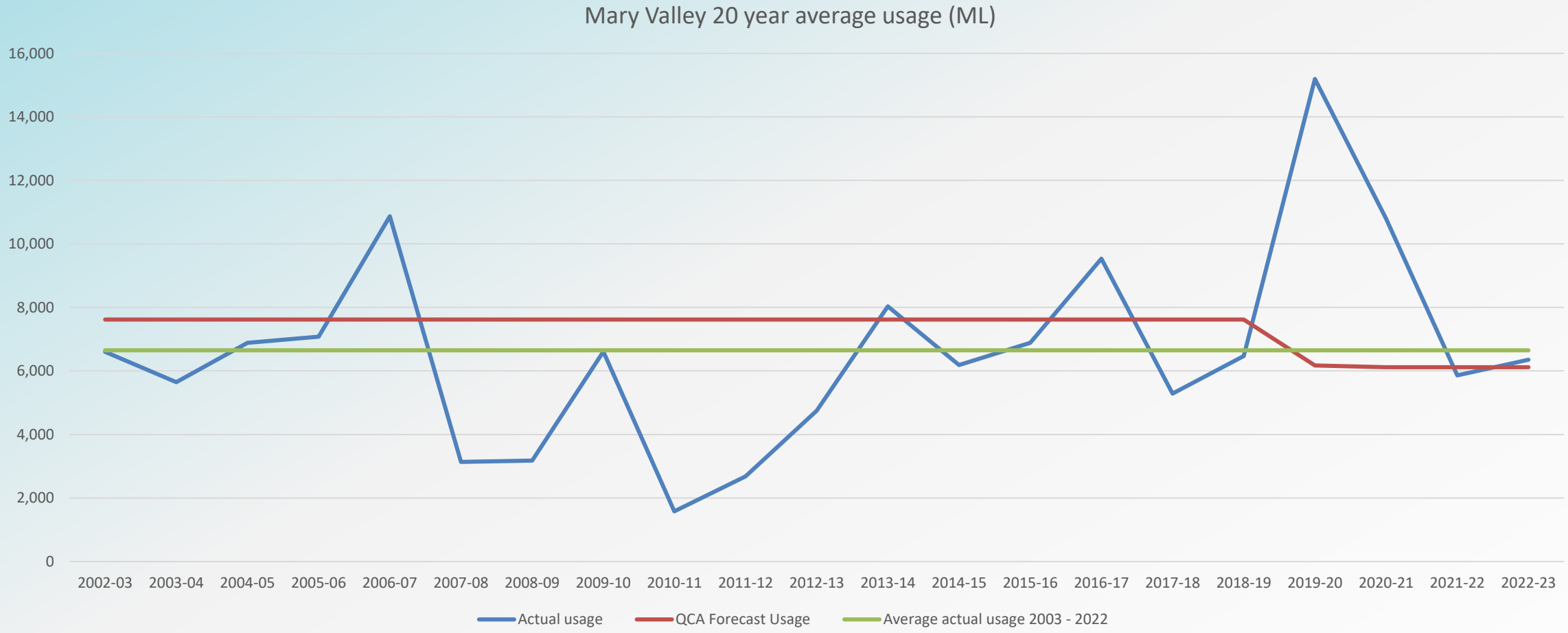
- 2019-20 Metering Renewals $42,000

Forecast Renewal spend future price path 2025-2029

	Project Title	Description	2023/2024 ($'000)	2024/2025 ($'000)	2025/2026 ($'000)	2026/2027 ($'000)	2027/2028 ($'000)	2028/2029 ($'000)
Non-Metering Renewals	IPC: Replace Calico Ck Pipeline Outlets	The project is to replace valves leaking valves with new.	0	0	0	0	50	130
	SPC: Replace Switchboard	There are a number of risks with the current process: -Manual process and resource intensive -Risk of human error	0	0	0	625	0	0
	SPC: Replace Water Pump Cables	To ensure reliability of the pump station, the power supply conduits and cables are to be replaced.	197	0	0	0	0	0
	SPC: Upgrade Pumping System	Pie Creek submersible pump has failed again and is currently being rebuilt. There is a very real risk the pump will fail again soon because it is at end of life.	0	0	0	0	750	0

Water Usage

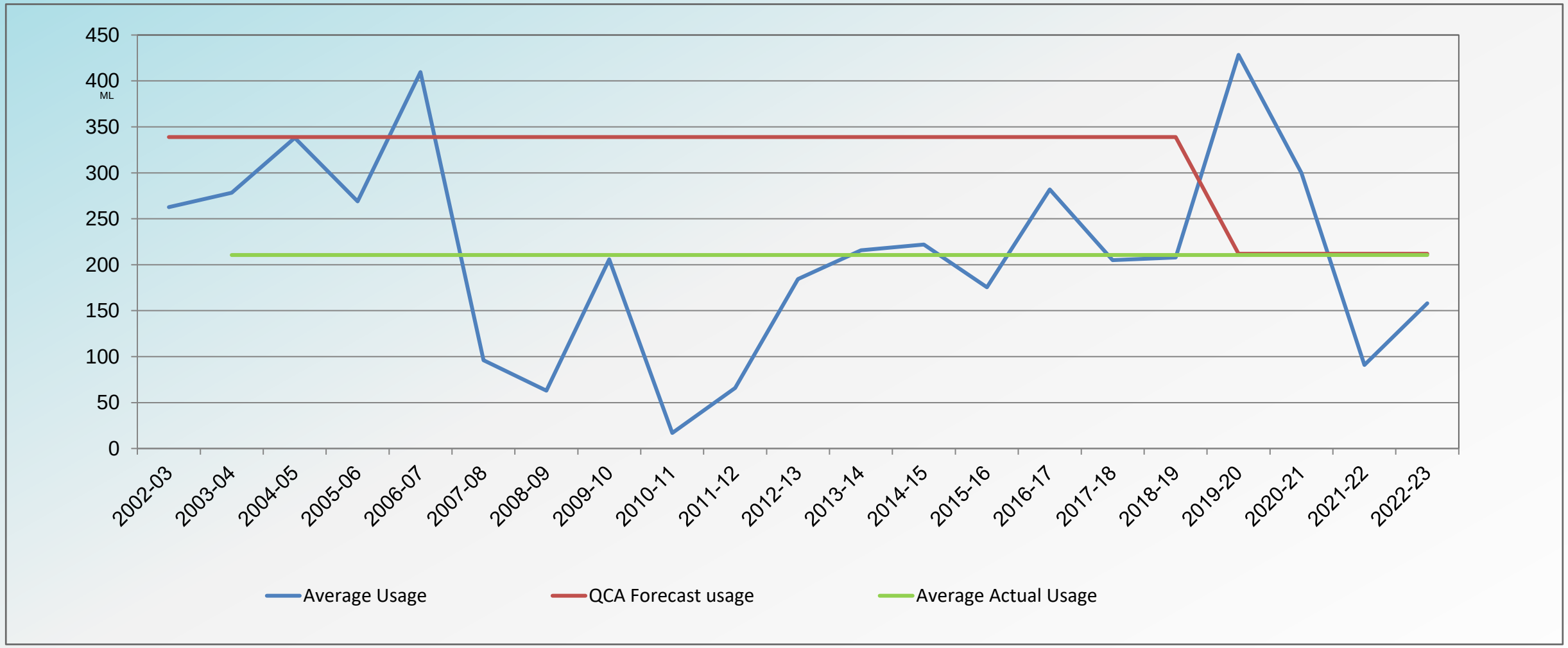
MVWSS - 20 Year Average usage (ML)



2020-2024 Price Path – 20 Year Average Use – QCA Final – 6,118ML

2024-29 Price Path – 20 Year Average Use – Seqwater submission – 6,650ML

Pie Creek - 20 Year Average usage (ML)



2020-2024 Price Path – 20 Year Average Use – QCA Final – 212ML

2024-29 Price Path – 20 Year Average Use – Seqwater submission – 211ML

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

Mary Valley & Pie Creek Tariff Group

Part A Price

Part B Price

Pie Creek Tariff Group

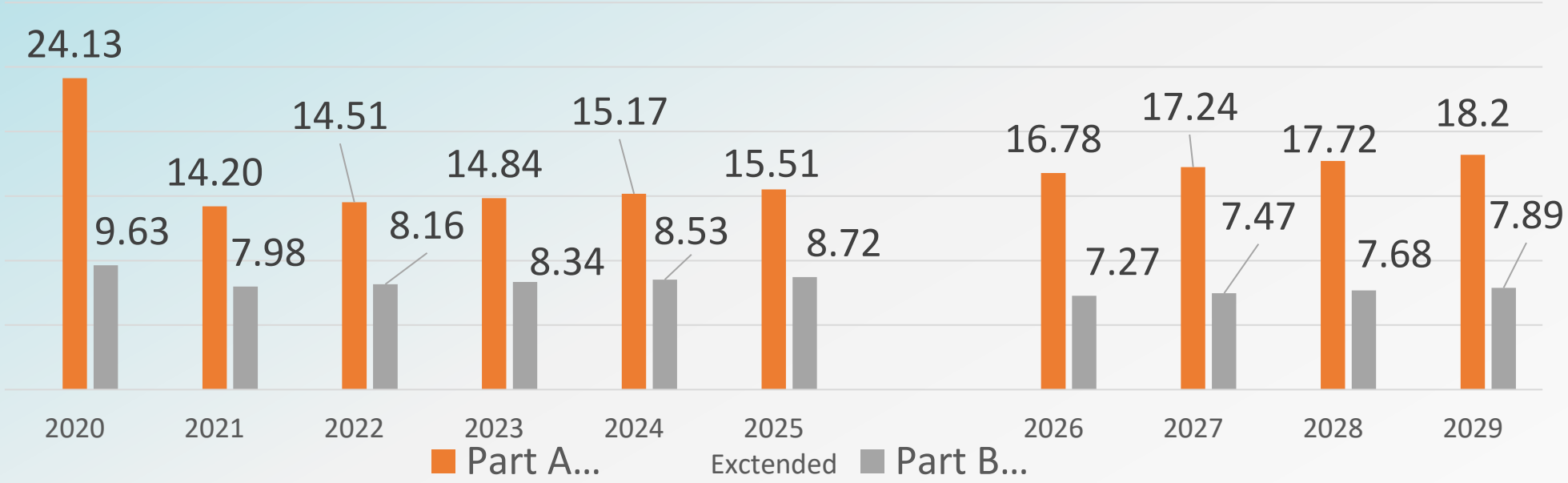
CSO

Part C Price

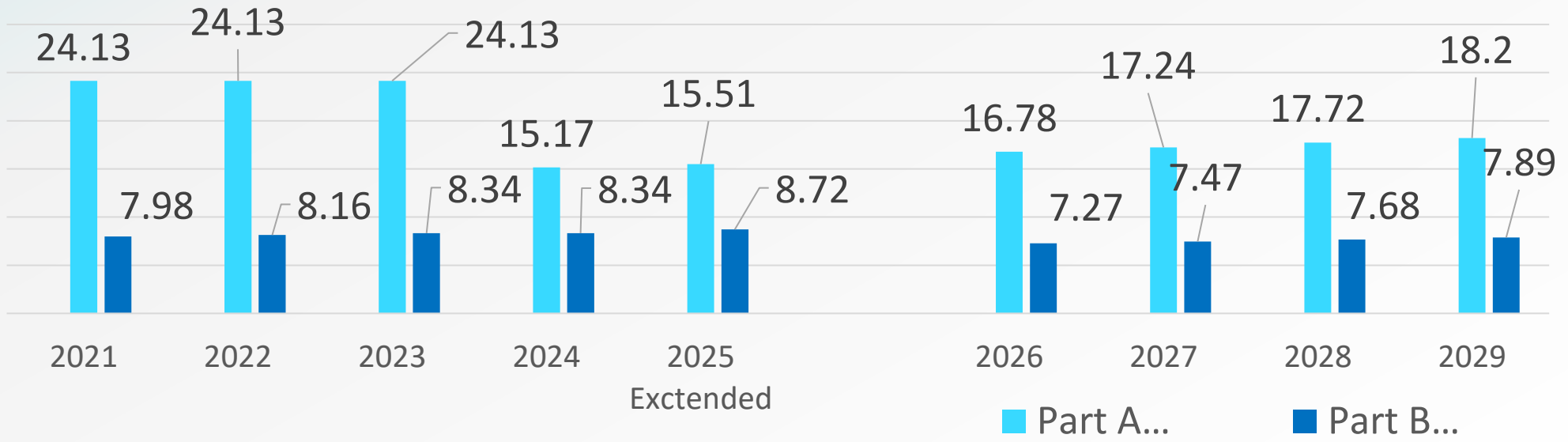
Part D Price

MVWSS proposed draft costs/prices

What it costs Seqwater to run your scheme $/ML



What you pay $/ML



Mary Valley - Cost Drivers

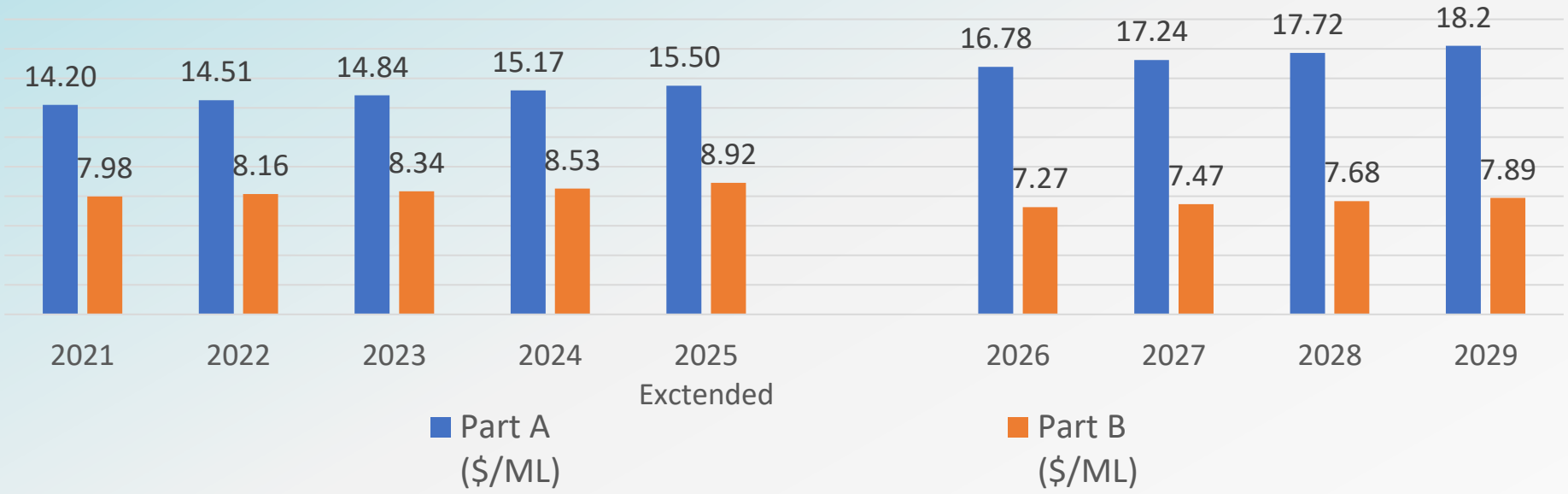
Forecast draft fixed costs for FY26 $350k, relative to $330k forecast at previous review, major shifts include:

- **$71k increase in metering annuity, driven by $1.2M metering spend in FY25 and FY26.**
- **$28k decrease in non-metering annuity, driven by surplus revenue added to annuity in current price period.**
- **$23k decrease in indirect costs, driven by decrease in relative share of direct costs compared to other schemes.**

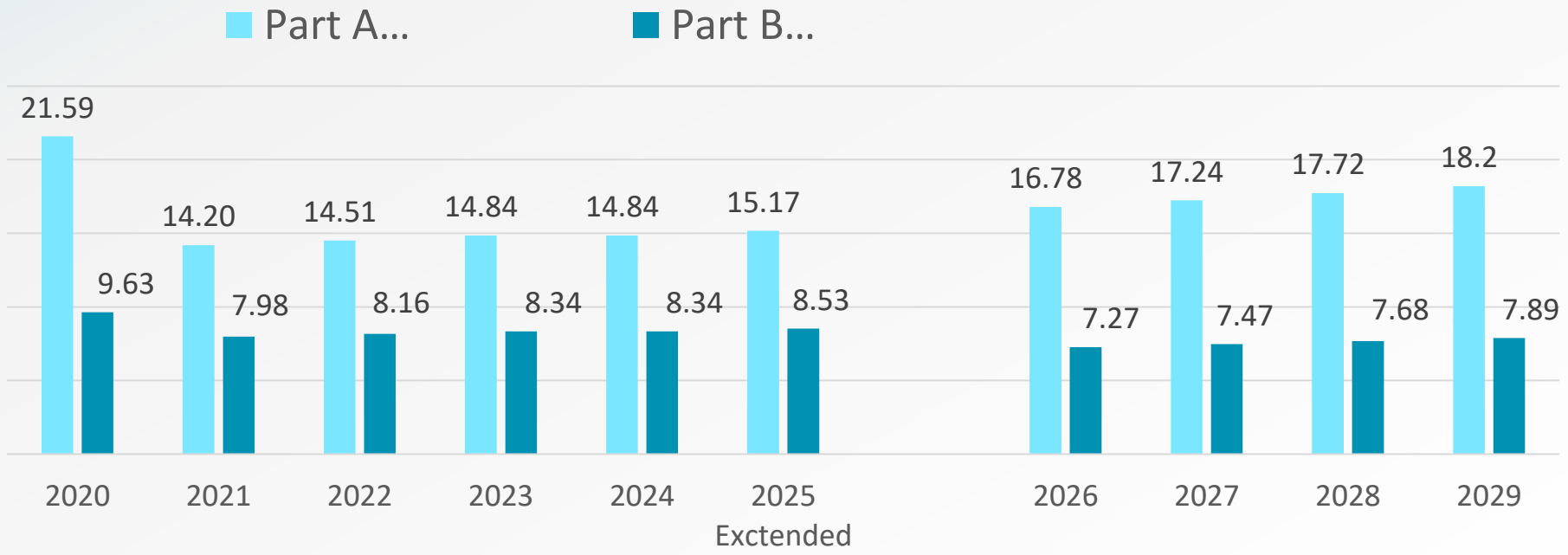
- **Forecast draft variable costs for FY26 $50k, relative to $55k forecast at previous review, shift driven by reduction in repair & maintenance and other costs.**

Pie Creek proposed draft costs/prices Part A & B

What it costs Seqwater to run your scheme $/ML

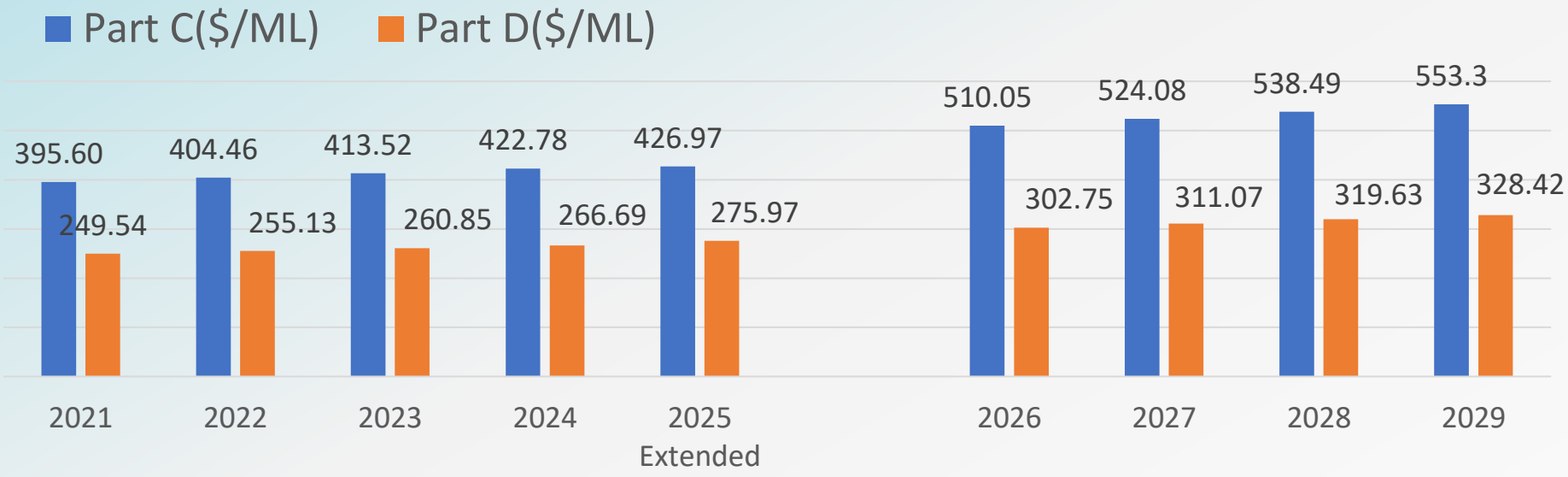


What you pay $/ML

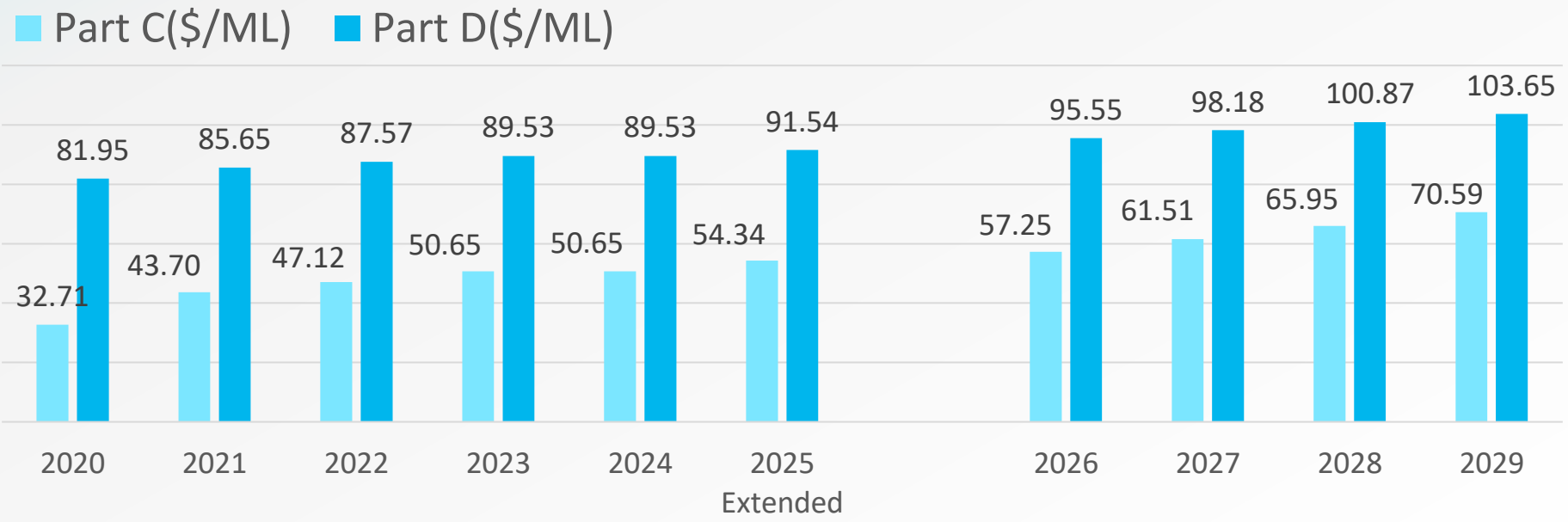


Pie Creek proposed draft costs/prices Part C & D

What it costs Seqwater to run your scheme $/ML



What you pay $/ML



Pie Creek - Cost Drivers

Forecast draft fixed costs for FY26 $413k, relative to $356k forecast at previous review, major shifts include:

- **$59k increase in direct costs, driven by increase maintenance costs and electricity costs.**
- **$19k increase in metering annuity, driven by $395k metering spend in FY25.**
- **$10k decrease in non-metering annuity, driven by surplus revenue added to annuity in current price period.**
- **$15k decrease in indirect costs, driven by decrease in relative share of direct costs compared to other schemes.**

Forecast draft variable costs for FY26 $63k, relative to $59k forecast at previous review, shift driven by marginal increase in labour and repair & maintenance costs.

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??