Summary

RAB Review Pricing Consultation – January 2026

Welcome & Introductions

Seqwater hosted online Regulatory Asset Base (RAB) Pricing Consultation sessions on 22 and 27 January 2026, via Microsoft Teams for irrigators across six schemes, Central Lockyer Valley, Lower Lockyer Valley, Cedar Pocket, Mary Valley, Warrill Valley and Logan River.

Purpose

A recent QCA Price review has been completed for 2025-2029, with Seqwater receiving a pricing direction notice from the Government in June 2025, shortening the price path from four years to two years.

The present draft pricing under a proposed shift from current annuity-based method to a Regulatory Asset Base (RAB) approach for all irrigation schemes. This presentation outlines Seqwater's draft pricing for all its irrigation schemes under a proposed shift from the current **annuity-based** pricing approach to a **Regulatory Asset Base (RAB)** methodology. Draft pricing outcomes for each individual scheme and long-term trends for each scheme can be found under each individual scheme called **Customer Consultation January 2026 – RAB pricing review.**

Background

- In **October 2025**, the Queensland Government directed the QCA to investigate **RAB-based pricing** for Seqwater and Sunwater irrigation schemes for **2027–29**.
- **Seqwater is required to provide the QCA with draft prices by 27 February 2026.**
- This review **must use existing cost data** from the 2025–29 price review—no updates allowed.
- Customers were originally engaged in **October 2025** to provide Seqwater some direction and feedback.
- Government pricing rules continue to apply, including lower-bound pricing principles and limits on price increases.

Overview of the Price Investigation

After consultation with irrigators in October Seqwater completed the following work:

- Built a **new pricing model** using the RAB approach.
- Review existing cost inputs.
- Merged existing **annuity balances** into an opening RAB.
- Developed new model parameters and assumptions unique to RAB.
- Model reviewed by the QCA.
- Conducted long-term modelling of RAB (10-year & 30-year forecasts) to see impact of RAB based pricing methodology for each scheme.
- Assessed price stability and treatment of positive/negative annuity balances.
- Engaged extensively with the QCA and Department to agree on the methodology.

How prices are set

Four yearly processes for reviewing cost forecast and setting irrigation prices

- Operative expenditure (Opex)
- Direct costs – labour, maintenance, materials
- Indirect costs – administration, insurance, rates, reporting and compliance

Renewals expenditure (Capex)

- New infrastructure
- Refurbishment of existing infrastructure

Costs are reviewed by the QCA

- Ensures best value for customers

Scope of this RAB review is focussed on how to recover Capex relaxed costs

- Based on the costs provided in the recent 2025-29 price review
- No changes considered for recovery of Opex related costs

Key methodology difference: RAB vs Annuity

Annuity blends depreciation and return on capital into one charge.
RAB separates them, improving transparency and ensuring customers pay only when capital is spent.
Negative annuity balances become opening RAB; **positive balances** are returned to customers over 10 years, leaving RAB at zero.

Long-Term Trends (30-Year)

- Forecasts show each scheme behaves differently because of:
  - capital expenditure timing
  - asset renewal cycles
  - how negative/positive annuity balances convert to RAB
- RAB tends to:
  - **drop prices in the early years** where there has been over-recovery
  - **increase variability** over decades, depending on planned renewals

Customer Feedback regarding RAB

During the consultation the Irrigators provided the following feedback:

- Irrigators identified potential benefits of the RAB pricing methodology compared to the existing annuity-based methodology.
- Customers expressed appreciation for Seqwater's development of 30-year extended forecasts.
- Customers indicated that they would have preferred more time with which to consider the proposal.
- Concerns were raised about the need to keep costs affordable to support long-term farming sustainability.
- A desire to ensure the long-term viability of schemes to ensure ongoing water supply to irrigators.
- Ongoing customer involvement, communication and transparency were identified as critical for the next phases as consultation sessions become available.

Other Comments

Irrigators also raised the following future scheme concerns:

- Potential impacts of the Borumba Pumped Hydro project on irrigation allocation (Mary Valley Scheme).
- Long term viability of smaller irrigation or distribution schemes
- Ongoing asset management challenges regarding aging scheme infrastructure.
- Cost implications of changes to metering requirements and standards.
- Irrigation costs must be sustainable to secure the long-term future of agriculture.
- Significant impacts of no water supply or reduction in water allocations to schemes.

Key dates to remember

- **27 Feb 2026** – Seqwater submits draft pricing to QCA
- **27 Mar 2026** – Public submissions due
- **Early July 2026** – Draft QCA Report published
- **July 2026** – QCA consultation sessions
- **Late July 2026** – Final submissions
- **Oct 2026** – Final QCA report

Next steps

- Seqwater submits draft submission to QCA by 26 February 2026.
- Summaries and presentation from consultation will be published on website.