



Central Brisbane River Water Supply Scheme

Annual Network Service Plan

2014-15

September 2014



Contents

1.	Introduction	3
2.	Scheme Details	3
2.1	Scheme background and context	3
2.2	Infrastructure details.....	3
2.3	Customers and water entitlements serviced	4
2.4	Water availability and use	4
2.5	Water trading.....	4
2.6	Irrigation Customer Consultation	5
2.7	Customer service standards.....	5
3.	Financial Performance	5
3.1	Tariffs.....	5
3.2	Operating expenditure.....	6
3.3	Renewals	7
3.3.1	Asset Restoration Reserve	7
3.3.2	Renewals expenditure	7
3.3.2.1	Prior year renewals	7
3.3.2.2	Regulatory period renewals.....	8
3.3.2.3	Material planning period renewals	9

1. Introduction

This Network Service Plan (NSP) is a key component of Seqwater’s consultation with its customers and is intended to provide useful and helpful information.

Seqwater invites comments and suggestions on the content of this NSP. All submissions will be published on the Seqwater website along with Seqwater’s responses. Customers may provide feedback via email or post at the following addresses:

Email: irrigators@seqwater.com.au

Post: NSP Comments
 PO box 16146
 City East QLD 4002

2. Scheme Details

2.1 Scheme background and context

The Central Brisbane River Water Supply Scheme (the Scheme) is located along the Brisbane River between Wivenhoe Dam and Mt Crosby Weir. The Scheme was established in 1980 to enable irrigation of up to 1,000 ha within the area.

The Scheme is regulated under the Moreton Resource Operations Plan (ROP) which was issued in December 2009.

The water year runs from 1 July to 30 June.

The Scheme consists of one tariff group, “Central Brisbane River”.

2.2 Infrastructure details

The table below sets out the bulk water assets, owned and operated by Seqwater, that comprise the scheme.

Table 1: Bulk water assets

Dams	Weirs	Off-stream storages	Other bulk water assets
Wivenhoe Dam, Somerset Dam (included for water pricing purposes)	Mount Crosby Weir (not included in irrigation prices)	Nil	Wivenhoe Tail Water Weir Gauging stations

Source: Seqwater (2014)

2.3 Customers and water entitlements serviced

The Scheme supplies water to 130 customers holding both medium and high priority water access entitlements (WAE). The following table sets out the ownership of WAE in the Scheme.

Table 2: Schedule of ownership of WAE

WAE owner	Number of customers	Medium priority WAE (ML)	High priority WAE (ML)
Irrigators	126	6,771	-
Ipswich City Council	1	65	-
Somerset Regional Council	1	15	-
Lowood and District Golf Club	1	40	-
Glamorgan Vale Water Board	1	-	250
Seqwater	-	150	278,750
Total	130	7,041	279,000

Source: Seqwater (2013)

2.4 Water availability and use

The announced allocation determines the percentage of nominal WAE volume that is available in each water year. The following table sets out the announced allocations since 2010-11.

Table 3: Announced allocations history

Priority	2010-11 (%)	2011-12 (%)	2012-13 (%)	2013-14 (%)	2014-15 (%)
Medium	100	100	100	100	100

Source: Seqwater (2014)

No historical usage information is available. Historical usage information will be reported subsequent to water meters being installed.

2.5 Water trading

The following table sets out the annual volumes of temporary transfers between irrigation customers from 1 July 2008 to 30 June 2014.

Table 4: Temporary transfers 2008-14

Priority	2008-09 (ML)	2009-10 (ML)	2010-11 (ML)	2011-12 (ML)	2012-13 (ML)	2013-14 (ML)
Medium	0	0	40	210	340	340

Source: Seqwater (2014)

It is important to note that, under the ROP, where two parties wish to enter into a temporary or seasonal transfer, both parties require a water meter unless the seller can demonstrate they have no active water usage or extraction.

2.6 Irrigation Customer Consultation

Seqwater is committed to consulting with its customers as required under its Statement of Obligations. Seqwater intends to publish the Scheme's annual network service plan on its website by 30 September of each year. Seqwater will hold customer consultation forums at least annually, commencing in 2014-15, to consult on the network service plan and customer service standards as well as other Scheme issues that may arise from time to time. Attendance at customer consultation forums will be open to all irrigation customers of the Scheme and other stakeholders. Seqwater will convene additional consultation meetings at the request of the majority of attending customers.

After consulting on the basis of the network service plan and through customer consultation forums, Seqwater will publish on its website any customer or stakeholder submissions along with Seqwater's responses and decisions.

2.7 Customer service standards

No service standards have been developed for the Scheme. Seqwater intends to develop customer service standards in consultation with customers during 2014-15.

3. Financial Performance

3.1 Tariffs

The approved tariffs for the Scheme for the 2013-17 regulatory period are set out in Table 5.

Table 5: Water prices 2013-17 (Nominal \$/ML)

Tariff	2013-14 (\$)	2014-15 (\$)	2015-16 (\$)	2016-17 (\$)
Fixed (Part A)	15.11	17.54	20.08	22.73
Variable (Part B)	10.14	10.40	10.65	10.92

Source: QCA Final Report, Seqwater Irrigation Price Review 2013-17 (April 2013)

It should be noted that the fixed Part A tariff is charged quarterly in advance and the variable Part B tariff is charged on actual usage at the end of each quarter. Until water meters are installed, customers are required to advise water usage by means of recording self-assessed usage on log sheets during each quarter and to submit the log sheets to Seqwater at the end of each quarter.

3.2 Operating expenditure

Seqwater's forecast operating costs for the 2013-17 regulatory period are set out in the table below. These costs include both fixed and variable operating costs.

Table 6: Forecast operating costs for 2013-17 (\$Nominal)

Operating cost item	2013-14 (\$)	2014-15 (\$)	2015-16 (\$)	2016-17 (\$)
Direct operations	5,152,207	5,249,586	5,347,676	5,446,403
Repairs and maintenance	1,866,419	1,911,517	1,957,235	2,003,553
Dam safety	-	-	48,850	-
Rates	706,434	724,095	742,197	760,752
Consultation costs	7,175	7,354	7,538	7,727
Non-direct costs	4,424,474	4,495,352	4,566,528	4,637,955
Total operating costs	12,156,709	12,387,904	12,670,024	12,856,930

Source: QCA Final Report, Seqwater Irrigation Price Review 2013-17 (April 2013)

By way of comparison, the following table sets out Seqwater's budgeted and actual expenditure for 2013-14

Operating cost item	2013-14	
	Budget (\$)	Actual (\$)
Electricity	180,007	137,614
Labour	3,027,724	2,704,111
Other direct operations	1,944,474	2,492,558 (1)
Repairs and maintenance	1,866,419	2,055,356 (2)
Dam safety	-	-
Rates	706,434	977,610 (3)
Consultation costs	7,175	-
Non-direct costs	4,424,474	7,024,258 (4)
Total operating costs	12,156,709	15,391,507

Source: Seqwater (2014); QCA Final Report, Seqwater Irrigation Price Review 2013-17 (April 2013)

- (1) Additional costs were incurred in water quality management, weed control and vegetation management.
- (2) Additional costs were incurred in riverbank vegetation management and in repainting the sides of the gates at Wivenhoe Dam.
- (3) Includes rates previously accounted for in indirect costs but which are now being reported separately.
- (4) Following the merger of Seqwater and LinkWater in 2013, the indirect cost base and the distribution of indirect costs resulted in a higher allocation of indirect costs to the Scheme than anticipated in the regulatory budget. However, 2013-14 indirect costs were \$610,367 below the 2012-13 level.

3.3 Renewals

3.3.1 Asset Restoration Reserve

Prior to 1 July 2013, the Scheme did not have an Asset Restoration Reserve (ARR). Consequently, the opening balance as at 1 July 2013 is nil. The forecast ARR balances for the period of the 2013-17 price path are set out in Table 8 below.

Table 8: Central Brisbane WSS Asset Restoration Reserve (\$Nominal)

Asset Restoration Reserve	2013-14 (\$)	2014-15 (\$)	2015-16 (\$)	2016-17 (\$)
Opening Balance 1 July	-	1,019,955	1,841,662	2,729,341
Revenue – irrigation	6,390	7,329	7,931	11,007
Revenue – other	1,044,362	1,033,749	1,118,656	1,552,426
Expenditure for year	-94,305	-219,371	-238,908	-168,056
Interest for 2013-14	63,508	-	-	-
Closing Balance 30 June	1,019,955	1,841,662	2,729,341	4,124,718

Source: Seqwater (2014); QCA Final Report, Seqwater Irrigation Price Review 2013-17 (April 2013)

* The interest rate is based on the Queensland Competition Authority's recommended weighted average cost of capital (WACC) of 6.2% post-tax nominal. Seqwater has adopted the equivalent pre-tax nominal WACC rate of 6.64%. Interest has been applied to the balance at 30 June 2014.

3.3.2 Renewals expenditure

3.3.2.1 Prior year renewals

The following table sets out the renewals projects that were undertaken, or scheduled to be undertaken, in 2013-14.

Table 9: Renewals projects 2013-14

Asset	Project scope	Budget (\$'000)	Cost (\$'000)
Somerset Dam	Upgrade brakes on sluice winches	-	37 (1)
	Lower gallery ladders	-	30 (2)
	Design and rebuild access road	-	17 (3)
Wivenhoe Dam	Repaint 2 radial gates	150	- (4)
	Shotcrete sandstone face	-	178 (5)
	Replace ACBs on main switchboard	-	48 (6)
Wivenhoe water treatment plant	Upgrade backwash system	-	17 (7)
	EIC works	-	115 (8)

Source: Seqwater (2014)

(1) This project was not included in the renewals program reviewed by the Queensland Competition Authority but was included by Seqwater following an inspection of the asset.

(2) This unbudgeted project was undertaken as an emergent safety issue.

- (3) This unbudgeted project was undertaken as an emergent safety issue. Costs incurred in 2013-14 were for the design of the road. Construction expenditure of \$250,000 will be incurred in 2014-15.
- (4) This project has been deferred until 2014-15.
- (5) This unbudgeted project was undertaken as an emergent safety issue.
- (6) This unbudgeted project was undertaken as an emergent work due to an unexpected failure.
- (7) This unbudgeted project was undertaken as an emergent work due to water quality issues.
- (8) This project was not included in the renewals program reviewed by the Queensland Competition Authority but was included by Seqwater and undertaken for electrical compliance purposes.

3.3.2.2 Regulatory period renewals

Forecast significant renewals projects (>\$50,000) for the balance of the regulatory period (2014-17) is provided in the table below. All forecasts are nominal amounts assuming an average inflation rate of 2.5%.

Table 10: Significant renewals projects for 2014-17 (\$Nominal)

Asset	Project scope	Year	Forecast cost (\$'000)
Wivenhoe Dam water treatment plant	Replace pipework and valve	2014-15	50
Wivenhoe Dam	Replace crane control system	2014-15	250
	Refurbish 79 tonne crane for recertification	2014-15	450
	Replace hydraulic to all electrics on lifting equipment	2015-16	500
	Overhaul right and left winches for gates 1, 2, 4 and 5	2015-16	240
	Test the wire ropes on gate 1, 2, 3, 4 and 5	2015-16	200
	Refurbish the bulkhead gate including all rubber and seals	2016-17	200
	Paint regulator penstock	2016-17	90
	Replace outlet works switchboard	2016-17	150
Somerset Dam	Paint sluice tunnel and gate, refurbish gear box and bearings on winch and replace seal structure	2015-16	225
	Construct second coaster gate and refurbish existing gate	2015-16	170
	Refurbish regulating valves in regulator 2 and 12	2016-17	200
Kirkleagh waste water treatment plant	Replace submersible pump with smaller flow pumps	2014-15	60
	Upgrade inlet screen to automatic trash removal screen	2014-15	100
	Repair aeration tank surface and install lining	2015-16	100

Source: Seqwater (2014)

3.3.2.3 Material planning period renewals

Material renewals projects expected to be undertaken in the outer years of the renewals planning time frame (2017-37) are set out in table 11 below. A material renewal project is defined as one which accounts for 10% or more in present value terms of the total forecast renewals expenditure for the 20 year planning period. The 10% threshold is \$2.15 million with the base year being 2017-18. One project exceeded the threshold. Seqwater will consult with irrigators to establish whether there is a need for, and the nature of, any high level options analysis for this project.

Table 11: Major projects 2017-36 (\$Nominal)

Asset	Project scope	Year	Forecast cost (\$'000)
Somerset Dam	Replace structural walls, columns and beams – inlet screens and trash racks	2025-26	4,482

Source: Seqwater (2014)