

QCA irrigation workshop: issues arising

[This note records issues identified and views expressed by stakeholders present at the meeting. The QCA is yet to form any opinion on these issues and views. As appropriate, issues will be addressed in the QCA's draft report.]

Scheme/(s): Central Lockyer Valley WSS (including Morton Vale Pipeline) and Lower Lockyer Valley WSS

Date: Wednesday 1 February 2019

Pricing framework

- Stakeholders raised concerns with paying a fixed (Part A) charge given what they consider to be the poor performance of scheme assets.
- They consider that historical allocations against medium priority entitlements have been well below what they could reasonably have expected – in their view, scheme assets were poorly designed and they should not be penalised for this.
- It was considered that customers should only have to pay for water that they receive and that Seqwater should wear any loss in periods when no water is available.
- Lower bound costs need to be reduced to recognise the poor performance of the assets. The proposed transitional arrangements are inappropriate in circumstances where lower bound costs are inequitable.
- There was concern with being made to pay for the renewal and refurbishment of assets with poor reliability.

Tariff structure

- Stakeholders did not support Seqwater's proposed tariff structure of a 95 per cent fixed charge and 5 per cent volumetric charge.
- They requested that the QCA scrutinise Seqwater's cost structure to ensure that fixed costs are efficient particularly in circumstances where no water is being supplied.

Tariff groups

- Some benefitted groundwater customers in the Central Lockyer Valley scheme said that they should only pay their fair share of infrastructure costs for supplemented groundwater. They consider that they should not pay the same price as surface water entitlement holders as they are not benefitting from supplemental flows but rather relying mostly on natural recharge.
- Some customers are supplemented by Bill Gunn dam which is gravity fed and therefore less costly than those supplemented by Clarendon dam which is dependent on electric pumps and has high electricity costs. These customers consider that they should pay a lower price to reflect the lower cost of supply.