

## Clare workshop—issues raised

*This note records issues identified and views expressed by stakeholders present at the QCA's initial workshop for the 2025-29 irrigation pricing review. 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:** Burdekin-Haughton

**Date:** 14 February 2024

Topic	Issues raised
Sunwater's proposed costs	<ul style="list-style-type: none"> <li>• There were concerns about the level of proposed costs, with some interest in how the QCA would benchmark Sunwater's costs.</li> <li>• A stakeholder suggested options to reduce insurance costs should be considered, such as self-insurance.</li> <li>• Stakeholders asked whether efficiency savings could be found through technology/automation.</li> <li>• It was also suggested that government should pay where costs were being driven up by government policy.</li> </ul>
Usage calculation	<ul style="list-style-type: none"> <li>• A concern was raised about the demand usage calculation and how it is used, with the view expressed that it is no longer appropriate and inflates the volumetric price.</li> <li>• Stakeholders felt that the only way to get to 100% usage was for full usage by irrigators and for Sunwater to fully utilise their distribution losses. Stakeholders felt that this would never happen.</li> </ul>
RAB vs annuity approach	<ul style="list-style-type: none"> <li>• Stakeholders said Sunwater's proposed shift to a regulatory asset base (RAB) approach was not supported within the region.</li> <li>• Stakeholders felt that the rate of return under a RAB approach was against the lower bound pricing principle.</li> <li>• Stakeholders were concerned that renewals expenditure was tax deductible, but a RAB approach could attract a tax allowance.</li> <li>• Stakeholders raised concerns over the annuity balance fund and what would happen to it under a RAB approach.</li> </ul>

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Customer engagement	<ul style="list-style-type: none"> <li>Stakeholders asked how the QCA would take GoVote results into account (for example, per scheme or per megalitre of entitlements). It was noted that Sunwater’s approach of a simple majority of schemes does not take account of the size of schemes and the water entitlements held by customers.</li> <li>Stakeholders suggested that that vote results should be analysed based on water entitlements.</li> <li>Stakeholders noted that the larger schemes (including Burdekin-Haughton) voted overwhelmingly against a RAB approach.</li> </ul>
Electricity cost pass-through mechanism	<ul style="list-style-type: none"> <li>Stakeholders indicated that in principle, they are not against the electricity cost pass through mechanism but that they were not happy with the approach that had been proposed by Sunwater.</li> </ul>
Inflation forecasting	<ul style="list-style-type: none"> <li>There was a question about how the QCA treats inflation, and the measure used.</li> </ul>
Price path period	<ul style="list-style-type: none"> <li>A stakeholder suggested that the price path period should be 5 years instead of 4 years to provide greater value for the cost of the review.</li> </ul>