



Ref: B/D/20/4096

23 May 2023

Queensland Competition Authority  
GPO Box 2257  
BRISBANE QLD 4001

## Gladstone Area Water Board price monitoring – mid term review

We refer to the request made by the QCA to identify issues that should be considered as part of the mid-term review.

CS Energy believes the following areas should be considered in the mid-term report.

### Under Recovery

CS Energy supported the approach taken by GAWB to prevent further under recovered revenue by using a five-year price smoothing approach as it aligns the price smoothing and the regulatory periods. CS Energy further agreed with the QCA recommendation to reduce the existing balance of accumulated revenue.

CS Energy would welcome a mid-term update on the quantum of under recovery that has been recovered to date.

### Opex

The QCA noted a finding in the GAWB Price Monitoring 2020-25 regarding misalignment between Life Cycle Management Plans and maintenance strategies.

CS Energy would welcome a mid-term update on KPMG's suggested approach where GAWB should consider detailing between risk categories, asset management objectives and customer outcomes.

### Demand

CS Energy supported the probabilistic approach to forecast aggregate demand taking into account metered demand levels, customers own demand forecasts and GAWB assessment of the probability of material changes in demand.

CS Energy would welcome a mid-term update on how demand is tracking against the aggregated forecast as assumed in the 2020-25 Price Monitoring.

### Capex

As requested during the Price Monitoring 2020-25 review CS Energy would welcome more transparency and regular updates on GAWB's capex program, operational expenditure and revenue recovery during the 2020-25 price period to anticipate potential accumulated over or under recovery.

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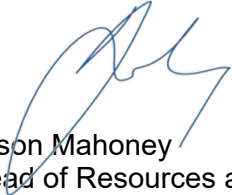
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Should you require any clarification on any of these issues please do not hesitate to contact me on 07 3854 7402.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'JM', is written over the printed name 'Jason Mahoney'.

Jason Mahoney  
Head of Resources and Commercial