

## 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 final report.]*

**Scheme/(s):** Burdekin-Haughton WSS and distribution system

**Location:** Clare

**Date:** Monday 23 September 2019

### Pricing framework

- Concerns raised about affordability.
- Query regarding the application of the pricing principles to recommended prices.

### Apportionment of dam safety upgrade capital expenditure

- Query regarding dam safety inclusive prices, including whether the indicative price increase \$10.21 (as shown in Table 4 in the Part A report) was a step change to the QCA's recommended prices.
- Disagreement with the proposition that dams were primarily built to supply water (a number of stakeholders considered that dams had primarily been built to stimulate growth rather than supply water).
- Query regarding the basis for the draft recommendation of an 80/20 split for dams that do not have a formal flood mitigation role and whether the QCA should have applied the same approach as the Independent Pricing and Regulatory Tribunal (IPART) (line in sand, IPART approach to RAB etc.).
- Query regarding the QCA's proposed treatment of dam safety upgrade capex versus the treatment of Inspector-General of Emergency Management (IGEM) review costs.

### Giru Benefited Groundwater Area tariff group

- Concern around hydrologist's conclusions regarding natural yields in the Giru Benefited Area (GBA) and the data the hydrologist relied on to reach those conclusions.
- Query regarding whether the renewals annuity allowance was adjusted to reflect the transfer of certain GBA assets from bulk to distribution.

### Costs

- Insurance costs, including the QCA's approach to assessing prudence and efficiency and the QCA's allocation approach.
- Electricity costs, including Sunwater's electricity cost pass-through mechanism supplementary submission.
- Direct operations and maintenance opex, including whether Sunwater was recovering its costs and/or making a profit.
- Timing of renewals, including the timing of projects and the QCA's adjustments.

## Draft prices

- Lower Burnett Water (LBW) charges—query regarding the QCA's view that this issue was out-of-scope and stakeholder concern that the charges they incurred (Sunwater and LBW) amounted to double charging and were unfair.
- Query regarding the treatment of distribution losses, including time periods for the QCA's assessment and whether high priority distribution losses should be allocated to irrigation customers.
- Cost reflective prices and the impact of the application of the pricing principles on recommended prices.
- Sunwater's access charge proposal (attendees generally considered it was not appropriate for their scheme/system).
- Concern with the QCA's proposed cost pass through mechanism, including materiality thresholds and whether having a review during a four year priced period was helpful.