



27 October 2025

Dr Malcolm Roberts
Queensland Competition Authority
GPO Box 2257
Brisbane Qld 4001

Submitted online at: www.qca.org.au/submissions/

Dear Dr Roberts

GLADSTONE AREA WATER BOARD PRICE MONITORING 2025-2030

CS Energy welcomes the opportunity to provide a submission to the Queensland Competition Authority's (QCA's) price monitoring investigation of Gladstone Area Water Board's (GAWB's) bulk water supply activities from 1 July 2025 to 30 June 2030.

About CS Energy

CS Energy is a Queensland government owned corporation providing power to some of the State's biggest industries and employers. We generate and sell electricity in the wholesale and retail markets, and we employ almost 700 people who live and work in the regions where we operate.

CS Energy owns thermal power generation assets at Kogan Creek and Callide (being Callide B and 50% of Callide C through our wholly owned subsidiary, Callide Energy Pty Ltd), and battery energy storage systems at Kogan Creek and Greenbank. We have a renewable energy offtakes portfolio of almost 300 MW, which we supply to our large commercial and industrial customers in Queensland. CS Energy is also developing a 400 MW gas-fired generator at Brigalow near Kogan Creek in Queensland.

CS Energy is a major customer of GAWB through its interest in Callide Power Station which generates energy to support the region and Queensland more broadly.

Key comments

Engagement

CS Energy advised Enhanced Research (engaged by Deloitte who were acting on behalf of GAWB) in 2021 that the Fitzroy to Gladstone Pipeline (FGP) was not required for its future operations as CS Energy has sufficient capacity in existing water arrangements to manage future water and drought outcomes. CS Energy was also clear that any increase in water

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reservation costs would materially affect CS Energy's cost structure and market competitiveness.

Despite several requests for information post the Enhanced Research engagement, GAWB did not provide an indication of cost prior to or post commencing construction of the FGP.

CS Energy also notes that the FGP is a long-lived asset (greater than 30 years) where at the date of the initial engagement and through subsequent updates there has been clarity that the Callide Power Station assets would have a comparatively significantly shorter life. The closure of the Callide Power Station at the end of the asset life will significantly reduce the water demand from Awoonga and ultimately reduce the water security risk for GAWB.

Cost and purpose

GAWB's submission of 5 September 2025 provides an indicative Water Security Price to apply from 1 July 2026 of \$1,406.88 /ML based on the contractually agreed water reservation of [REDACTED]. This represents an increase of 300% and is driven primarily through the inclusion of the FGP into GAWB's Regulated Asset Base.

CS Energy maintains that GAWB's proposal to socialise the capital and operating costs of infrastructure expansion intended for hydrogen and renewable energy sectors across all users is unreasonable. Existing customers such as CS Energy are bearing substantial costs without receiving proportional benefits. CS Energy believes that GAWB should bear some utilisation risk for capital projects when the benefits extend beyond current users to ensure efficient and equitable cost allocation.

In conducting a price monitoring investigation, the QCA is required to have regard to economic and regional development issues including employment and investment growth as per the *Queensland Competition Authority Act 1997*. The proposed price increase will negatively impact the economic viability of CS Energy's operations at Callide Power Station potentially undermining regional investment, growth, and employment opportunities.

Callide Power Station plays a vital role in the Gladstone area. Callide Power Station is already facing significant price pressures which threaten its competitiveness. It is estimated that GAWB's price increase will contribute up to [REDACTED], [REDACTED].

The Water Security Price should not be allocated via a postage-stamp approach but based on direct benefit. CS Energy should not be allocated full costs of the FGP given that the FGP connection is downstream from CS Energy's offtake point and does not provide direct benefit. Furthermore, Callide Power Station uses raw water not treated water, with this water at Awoonga not at Gladstone. CS Energy should only pay for the portion of the FGP that transports raw water from the Fitzroy River to approximately the Awoonga location and not be liable for costs associated with water transport to Gladstone or water treatment facilities.

CS Energy urges the QCA to carefully consider these concerns to ensure fair pricing and to avoid undermining the competitiveness of existing businesses in the Gladstone region.

Drought Mitigation Strategy

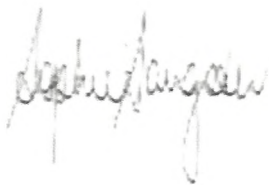
GAWB has also not provided clarity on the direct benefit to CS Energy in a drought situation as the water provision point of the FGP is downstream of the Awoonga Dam whereas CS Energy draws its water directly from the Dam. Furthermore, CS Energy already takes drought

mitigation measures through its reservation of volumes that are significantly larger than actual usage.

If this Water Security Price does proceed, then CS Energy requires some assurances on its existing water arrangements. For example, it has been announced that the FGP will lock in water security for existing industries¹. Can CS Energy then be assured that it will not be subject to water restrictions given its downpayment on locking in water security through the Water Security Price? In addition, we request confirmation on whether any changes to the agreement are anticipated as a result of the introduction of the Water Security Asset and Water Security Price definitions.

If you would like to discuss this submission, please contact Jason Mahoney, Head of Resources and Commercial on either 0412 215 859 or jmahoney@csenergy.com.au.

Yours sincerely

A handwritten signature in dark ink, appearing to read 'Sophie Sangster', written in a cursive style.

Sophie Sangster
Chief Commercial Officer

¹ [Media statement by the Premier and Minister for the Olympic and Paralympic Games](#), 23 February 2023