

Pittsworth 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.

Schemes: Upper Condamine, Chinchilla Weir, Dawson Valley

Date of workshop: 25 January 2024

Topic	Issues raised
Sunwater's proposed costs	<ul style="list-style-type: none"> Stakeholders said Sunwater's significant proposed cost increase had not been justified and noted the business had not changed significantly. Stakeholders thought the cost of the billing system was excessive and the savings to be delivered by the investment were unclear.
Overheads	<ul style="list-style-type: none"> Stakeholders said that Sunwater's overheads seem excessive and suggest the business may not be operating effectively. Benchmarking was proposed as a way of assessing the reasonableness of costs.
QCA's cost assessment approach	<ul style="list-style-type: none"> There were queries from stakeholders about how the QCA would assess costs. Stakeholders suggested the QCA's consultant should look at the costs that alternative suppliers would quote for the work and not just rely on engineering estimates.
Electricity cost pass-through mechanism	<ul style="list-style-type: none"> Stakeholders said the mechanism was supported until it was understood that customers would lose the subsidy.
RAB vs annuity approach	<ul style="list-style-type: none"> Stakeholders were interested in understanding the difference between the approaches and how the regulatory asset base (RAB) approach would work in practice. There was interest in how annuity balances would be returned to customers, options to capitalise positive annuity balances (instead of returning the balances to customers) and price impacts in future periods.
Customer engagement	<ul style="list-style-type: none"> Stakeholders said that Sunwater had done a good job at trying to engage, but customers do not have a good understanding of whether costs are prudent and efficient, as it is not their core business.
QCA's workshop registration process	<ul style="list-style-type: none"> A stakeholder noted that the registration process was too difficult for customers. Workshop locations should be published, as some customers do not know whether they will be able to attend until the day of the workshop.