

Bundaberg Water Supply Scheme

Scheme Summary

Irrigation pricing proposal

1 July 2025 to 30 June 2029

Context

Regulated Bundaberg Water Supply Scheme (Bundaberg) prices were set (gazetted) for the period 2020-21 through to 2024-25 (current period) via Rural Pricing Direction Notices issued by the Queensland Treasurer in 2020¹, 2021² and 2023³.

In early 2023, the Queensland Government directed the Queensland Competition Authority (the QCA) to recommend prices for Bundaberg irrigation services for the next price path period, covering **1 July 2025 to 30 June 2029**.

This scheme level summary forms part of Sunwater's submission to the QCA and provides irrigation customers with an overview of our proposal. It should be read in conjunction with the complete submission and includes:

- proposed prices and their basis
- engagement with customers, their feedback and how it was addressed
- operating and renewals expenditure forecasts
- the overall revenue requirement.

This scheme provides both a bulk water (supply) and a channel distribution (distribution) service.

The Bundaberg scheme includes the Paradise Dam; however, water services related to this asset are excluded from the terms of the direction to the QCA.

Entitlements and usage

The Bundaberg scheme holds total water access entitlements (WAE) of 380,329ML (**Figure 1**), however 144,000ML are associated with the Paradise Dam.

The remaining 236,329ML (**Figure 1** and **Figure 2**) form the basis of this irrigation price review.

Consistent with the 2020 irrigation price review (the 2020 review) Sunwater has made a pricing adjustment to scheme loss entitlements, setting the efficient level of distribution losses at 33,888 ML. Further discussion of distribution losses is provided in the submission document.

The remaining 202,441ML (**Figure 2**) has a long-term (20-year) average annual usage of 113,349ML per annum (equivalent to 48.0 per cent of total WAE, up from 47.1 per cent at the time of the 2020 review).

The distribution system holds 151,284ML in entitlements (**Figure 2**) and delivers water for some allocations associated with Paradise Dam. The long-term (20-year) average annual usage within the distribution scheme is 99,500ML per annum. This is equivalent to 48.0 per cent of total WAE (including Paradise Dam WAE serviced via the distribution system) and is unchanged from the 2020 review.

¹ Queens and Government Gazette No. 67 (July 2020)
Sunwater Rural Water Pricing Direction Notice (No. 1) 2020

² Queens and Government Gazette No. 25 (June 2021)
Sunwater Rural Water Pricing Direction Notice (No. 1) 2021

³ Queens and Government Gazette No. 54 (March 2021)
Sunwater Irrigation Water Pricing Direction Notice (No. 1) 2023

Figure 1 - Bundaberg whole of scheme water access entitlements (as at 30 June 2023)

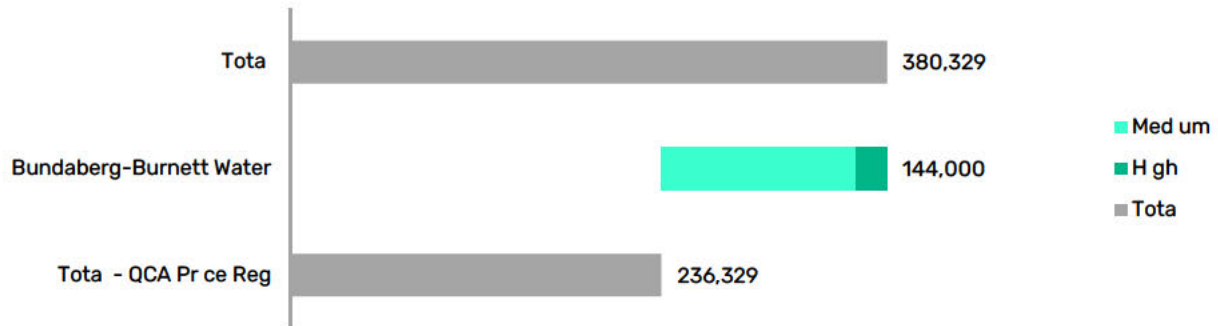
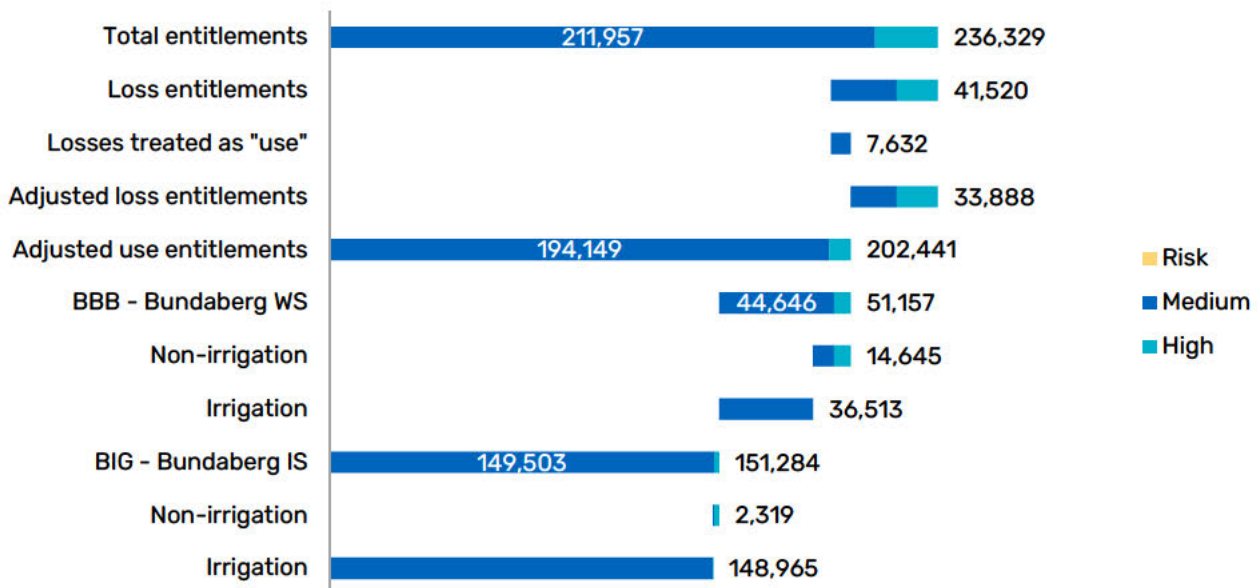


Figure 2 - Bundaberg regulated service contracts water access entitlements (as at 30 June 2023)



Tariff groups

Bundaberg has both a supply (Bundaberg) tariff group and a distribution (Bundaberg Channel) tariff group. These tariff groups are differentiated based on cost and level/nature of service.

As shown in **Figure 2** losses have been adjusted to 33,888ML for pricing purposes. This volume of losses is assigned costs and contributes to prices for the Bundaberg Channel tariff group.

Costs associated with the "adjusted" losses (7,632ML) are borne by Sunwater and are not passed on to irrigation (or other) customers.

Proposal in summary

During engagement with scheme customers, Sunwater outlined proposed operating costs and renewals expenditure required to deliver irrigation services over the next price path period; required revenue and price calculations; as well as two potential cost recovery changes with implications for customer prices.

Sunwater notes that final prices presented in Stage 3 included indicative Part E (fixed electricity charges) and Part F (consumption-based electricity charges) alongside Part A / C and Part B / D charges. In some instances, presenting this material to customers led to concerns that adopting a pass-through would not be in their best interests, contrary to their earlier feedback.

Consistent with our position throughout our engagement with customers, Sunwater does not wish to pursue an electricity cost pass-through mechanism in the absence of customer support.

As a result of our Stage 3 engagement activities, Bundaberg customers indicated (refer **Appendix**) they no longer support the ECPT proposal in its current form.

Balancing what we heard from customers with the benefits and risks of these changes we propose to:

1. recover renewals expenditure via a regulated asset base (RAB) methodology
2. refresh our Service and Performance Plans (S&PPs)
3. rescind our proposal to introduce an electricity cost pass-through mechanism and note that Bundaberg and Burdekin Haughton representative groups are working together on an alternate proposal.

Further information relating to engagement outcomes is provided in the following section.

Proposed prices by tariff group

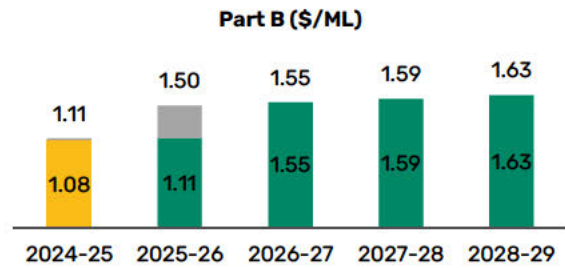
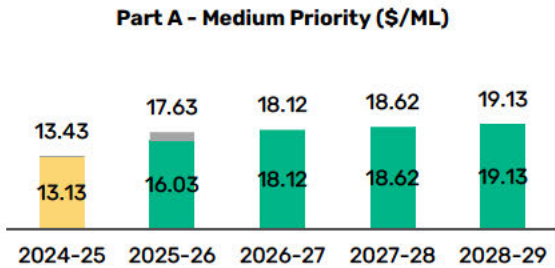
The prevailing price for 2024-25 is shown for comparison purposes with forecast prices for the review period. All discounts have been removed for ease of comparison. The green bars within the below chart reflect recommended irrigation prices for the price path period. Values shown at the top of the chart reflect cost-reflective prices for the charge. The grey bar element reflects the component of cost-reflective prices that Sunwater recovers via a community service obligation payment from the Queensland Government.

Prices reflect a RAB methodology and an electricity cost pass-through mechanism.

Legend:

- / ■ Irrigation price (gazetted)
- / ■ Recommended irrigation price (proposed)
- / ■ Cost reflective irrigation price (proposed)

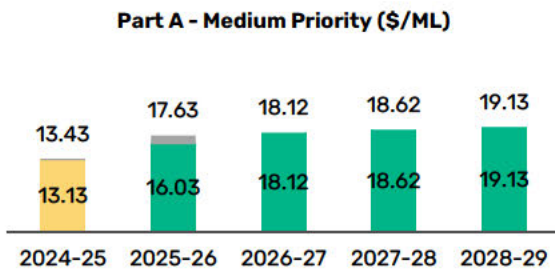
Bundaberg River



Bundaberg Channel

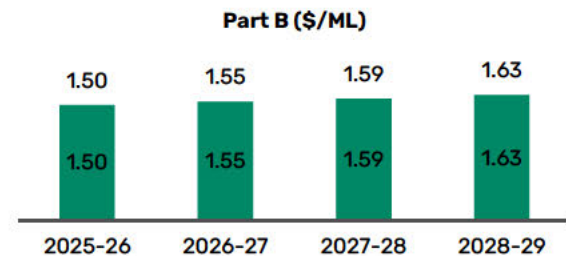
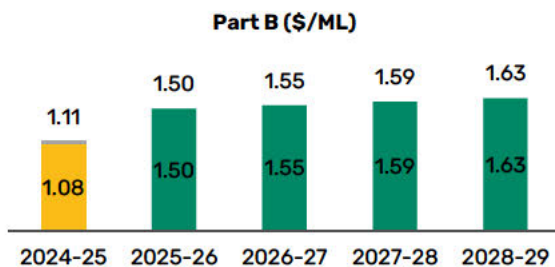
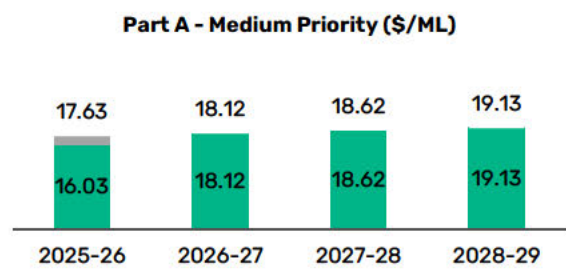
Prices *inclusive* of electricity

Part A and Part B cost reflective charges are unaffected by the pass-through proposal

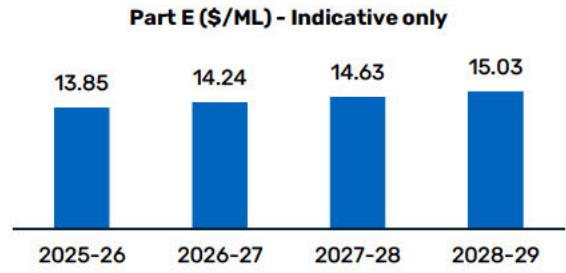
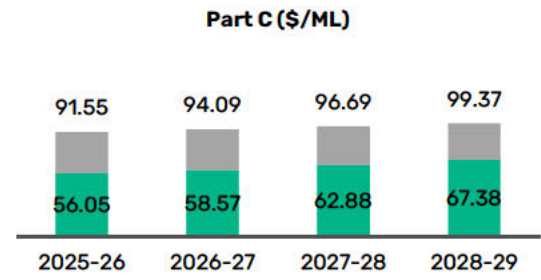
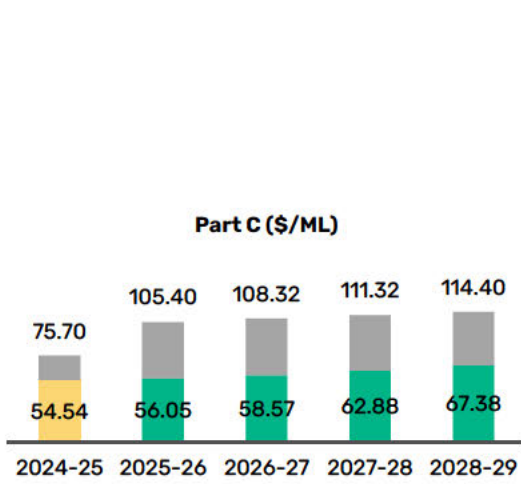


Prices *under pass-through*

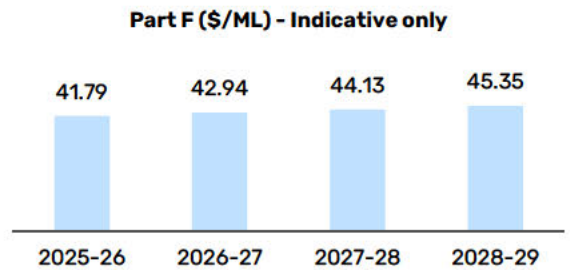
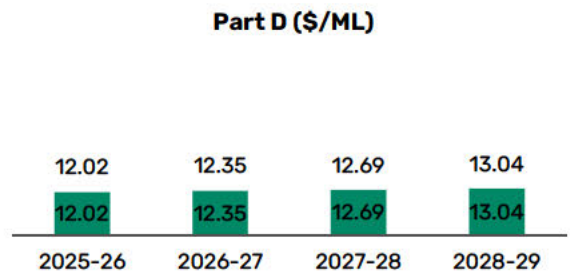
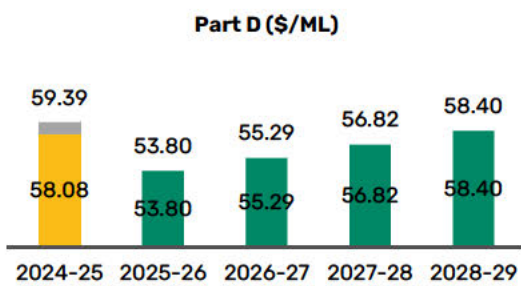
Recommended Part A and Part B charges are calculated as a bundle with Part C and Part D charges and may differ under a pass-through



The Part C charge will be split into a Part C and a Part E charge under a pass-through



The Part D charge will be split into a Part D and a Part F charge under a pass-through



Engagement

Sunwater contacted all Bundaberg irrigation customers multiple times during the development of the pricing proposal.

How we engaged

Over the course of the last price path Sunwater has implemented a series of initiatives to improve customer experience and enable us to better understand and meet customers' needs and expectations. These initiatives include the Sunwater Customer App, the Online Portal, the introduction of the Water Trading Board, a formalised complaints and feedback process, and the establishment of Customer Advisory Committee forums.

Reflecting this shift, Sunwater established a three-stage stakeholder engagement strategy for this price path to inform and consult with customers during the submission development process.

We ensured every irrigation customer who wanted to engage could do so, by hosting:

- face-to-face customer meetings in this scheme during each of the three stages of engagement
- three online forums open to irrigation customers in all schemes.

We distributed and published project communication materials, including fact sheets and copies of presentations delivered at meetings, to ensure all customers had the opportunity to:

- learn about how irrigation prices are set
- review draft future costs and prices
- learn about and provide feedback on proposed changes to:
 - Service and Performance Plans
 - renewals expenditure recovery through irrigation prices
 - a permanent, symmetrical electricity cost pass-through mechanism.



- ✓ Dedicated project website and email



- ✓ 1 scheme summary report



- ✓ Emails and SMS sent about proposals and GoVote process
- ✓ Invitations sent via email, SMS and letter
- ✓ SMS reminders



- ✓ Irrigation Customer Invoice Calculator



- ✓ Five fact sheets
 - RAB
 - ECPT
 - S&PPs
 - Stage 1 & 2 scheme specific overviews



- ✓ 4 face to face meetings
- ✓ 3 online meetings

What we heard

During our meetings we discussed matters of interest (**Table 1**) to Bundaberg customers. Generally, we were able to address questions and queries in the meetings.

Based on discussions with customers during these meetings, Sunwater has provided additional information on renewals expenditure in our Stage 3 engagement material on future costs for the scheme (depicted by cost spikes in the renewals forecast).

This information is contained in the **Expenditure Focus** section of this summary.

GoVote

One hundred and four Bundaberg customers responded to the online survey, representing approximately 10.4 per cent of eligible irrigation customers. Customers received multiple communications about the opportunity to participate from both Sunwater and the provider, GoVote.

For a full explanation of the GoVote process and how Sunwater used this information to finalise its proposal, refer to the Customer Engagement chapter of Sunwater's pricing submission.

Table 1 - Key customer interests

Forum details	Attendees	Key customer interests
Stage 1 engagement		
<p><i>Forum:</i> Face-to-face engagement with <u>Bundaberg</u> customers</p> <p><i>Theme:</i> Learn how irrigation prices are set and how you can be involved in influencing Sunwater's pricing submission to the QCA</p>	9	Part A fixed charges Efficient water use practices Carry-over Price increases Perceived profiteering How Sunwater reduces electricity costs Nodal pricing Water trading ECPT trial
<p><i>Forum:</i> Teams webinar, <u>all schemes</u> invited</p> <p><i>Theme:</i> Learn how irrigation prices are set and how you can be involved in influencing Sunwater's pricing submission to the QCA</p>	12	How prices are set - general
Stage 2 engagement		
<p><i>Forum:</i> Face-to-face engagement with <u>Bundaberg</u> customers</p> <p><i>Theme:</i> Draft future prices and the following proposals for customer feedback:</p> <ul style="list-style-type: none"> changes to Service and Performance Plans changes to the way renewals expenditure is recovered through irrigation prices a permanent, symmetrical electricity cost pass-through mechanism in seven schemes. 	14	Increased prices – impacts on customers QCA transition rate
<p><i>Forum:</i> Teams webinar, <u>all schemes</u> invited</p> <p><i>Theme:</i> Draft future prices and proposals for customer feedback</p>	15	Community Service Obligation
Stage 3 engagement		

<p><i>Forum:</i> Face-to-face engagement with <u>Bundaberg</u> customers</p> <p><i>Theme:</i> Outline Sunwater s pricing proposal, having taken into account customer feedback and preferences</p>	<p>6</p>	<p>Support costs – general Replacing meters Back to base meters Price Path timeframes QCA review ArcFlash Uncertainty - electricity Impact of ECPT on prices Alternative ECPT methodology to manage CSO component Government Policy - CPI Compliment about Sunwater having fixed electricity prices until 2029</p>
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Other feedback

Sunwater did not receive any other formal feedback from Bundaberg customers.

Proposal to change the method of renewal cost recovery

This proposal was put forward as a change to all water supply schemes. Considering feedback from all sources (including the GoVote results shown on **Figure 3**, **Figure 4** and **Figure 5**), and the benefits to be gained, Sunwater has included a shift to a RAB-based recovery of renewals expenditure as part of its submission.

Our full reasoning for adopting a RAB-based renewals recovery proposal is outlined in Sunwater’s pricing submission.

Sunwater acknowledges the feedback from Bundaberg customers via the GoVote platform. We are committed to ongoing engagement with customers in this scheme to help understand and respond to concerns relating to the shift to a RAB methodology.

One of the concerns raised by the Bundaberg representative of our Consultative Committee was the long term effect of the shift. To address this concern, we have included our current forecast of prices for the subsequent two price paths in the **Revenue and Pricing** section of this document along with a brief commentary.

Proposal to refresh Service and Performance Plans

This proposal was put forward as a change to all water supply schemes. Considering feedback from all sources, and the benefits to be gained, Sunwater proposes to adopt the refreshed S&PP format and process.

Our full reasoning is outlined in Sunwater’s pricing submission.

Figure 6 reproduces the overall responses we received during our GoVote process.

Proposal to recover electricity costs via a pass-through

This was the only proposal Sunwater committed to evaluating and adopting on a scheme-by-scheme basis.

Bundaberg customers were able to provide feedback on the electricity cost pass-through mechanism proposal. Eighty-six “strongly agree” or “agree” responses were received – accounting for 93.5 per cent of responses received from eligible customers (**Figure 7**).

Sunwater does not propose to adopt an ECPT mechanism, based on feedback received following Stage 3 engagement activities, noting feedback from customers is that Bundaberg and Burdekin Haughton representative groups are working together on an alternate proposal.

Figure 3 - How schemes responded to the RAB proposal – question and responses

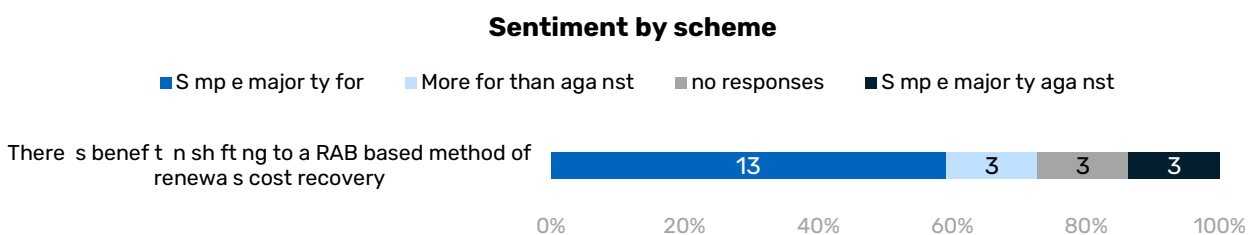


Figure 4 - How Bundaberg responded to the RAB proposal – question and responses

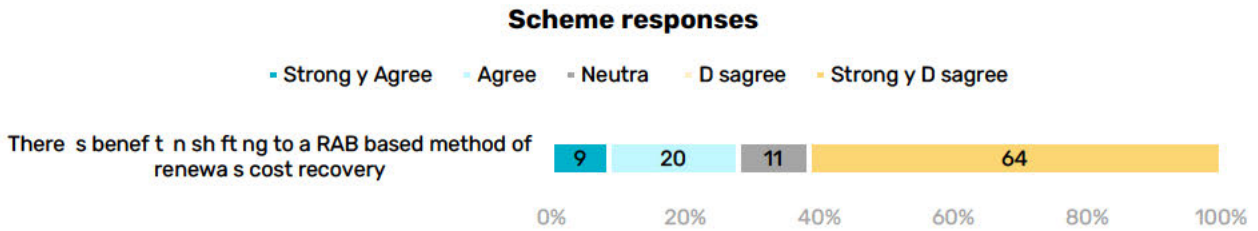


Figure 5 - How Sunwater’s irrigation customers responded to the RAB proposal – question and responses

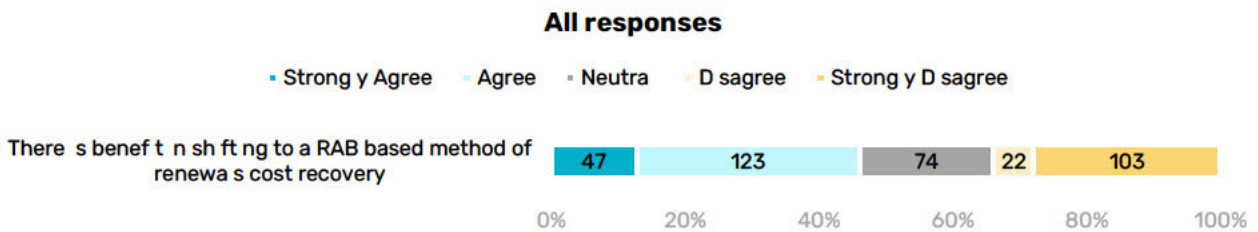


Figure 6 - How Sunwater’s irrigation customers responded to the S&PP proposal – question and responses

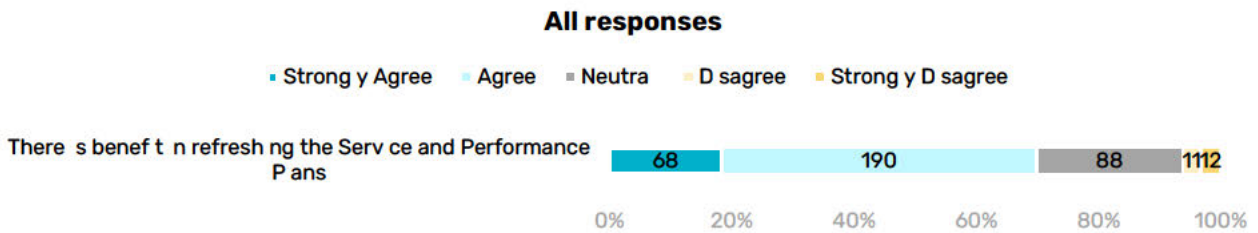
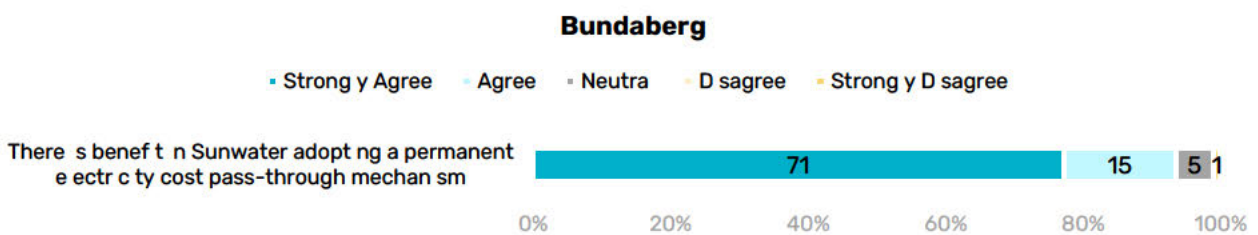


Figure 7 - How Bundaberg customers responded to the ECPT proposal – question and responses



Service standards

The current service standards that apply for the Bundaberg scheme were included as part of our Stage 2 engagement. These are the customer service standards that drive the work we do, and influence operations, maintenance, and renewals expenditure in this scheme.

Table 2 - Service standards for Bundaberg

Service standards	Standard	Target
<i>Planned shutdowns – notification</i>	For shutdowns planned to exceed 2 weeks	8 weeks
	For shutdowns planned to exceed 3 days	2 weeks
	For shutdowns planned to be less than 3 days	5 days
<i>Unplanned shutdowns – duration</i>	Unplanned shutdowns will be fixed so that at least partial supply can be resumed	72 hours
<i>Unplanned shutdowns – notification</i>	Affected customers will be notified of the likely duration of the interruption to supply	Within 24 hours of Sunwater learning of the event or by the end of the first business day following the event, whichever is the earlier
<i>Maximum number of interruptions</i>	Planned or unplanned interruptions per water year	10
<i>Meter repairs</i>	Faults causing restrictions to supply will be repaired	10 working days
<i>Complaints and enquiries</i>	Initial response (Acknowledge)	5 working days
	Resolve or provide written response	21 days

Expenditure focus

This section shows the final forecast operating expenditure (opex) and renewals expenditure for the Bundaberg scheme.

It contains separate forecasts for the supply and distribution services provided within the Bundaberg scheme.

Operating expenditure

Base year (2022-23) – Supply

Sunwater’s opex forecast was developed using the base-step-trend methodology presented in our pricing submission.

Sunwater’s proposed base year (2022-23 actuals after adjustments) of \$2.28M is shown on **Figure 8** and is \$0.51M (29 per cent) higher than the QCA’s allowance for the same year (after adjustment for actual inflation).

The primary driver of this uplift is support costs.

Support costs include indirect activities (those that support a specific direct activity such as dam safety, pricing and regulation, and water planning); and local and corporate support, such as depots, local administration teams and offices, finance, payroll, procurement, human resources, information and communications technology, cybersecurity, and other necessary costs of doing business.

Other drivers include:

- increases in “other” costs (including land tax, rates and vehicle leasing which was previously captured under support costs), and direct labour
- decreases in insurance and contractors.

Operations and maintenance have been split into other direct costs, materials, contractors and direct labour.

Price path forecast – Supply

The Bundaberg Supply opex forecast for the price path period is shown in **Table 3**.

The base-step-trend approach to develop our forecasts is described in detail in Sunwater’s pricing submission. In summary, we take the base-year (**Figure 8**) and apply assumptions relating to inflation plus a step change in opex associated with our billing system renewal.

Table 4 shows how the relative mix of opex cost categories is changing under Sunwater’s forecast prices. For each dollar of total opex spent, the percentages shown reflect the cents the category contributes.

Additional billing system opex (circa \$0.35M per annum) contributes to the higher share of support costs in 2025-26.

Renewals opex has not been included in this table as it is a new category that applies under a RAB-based recovery of renewals expenditure.

Figure 8 - Bundaberg Supply – Difference between Sunwater's base year and QCA allowance (2022-23)

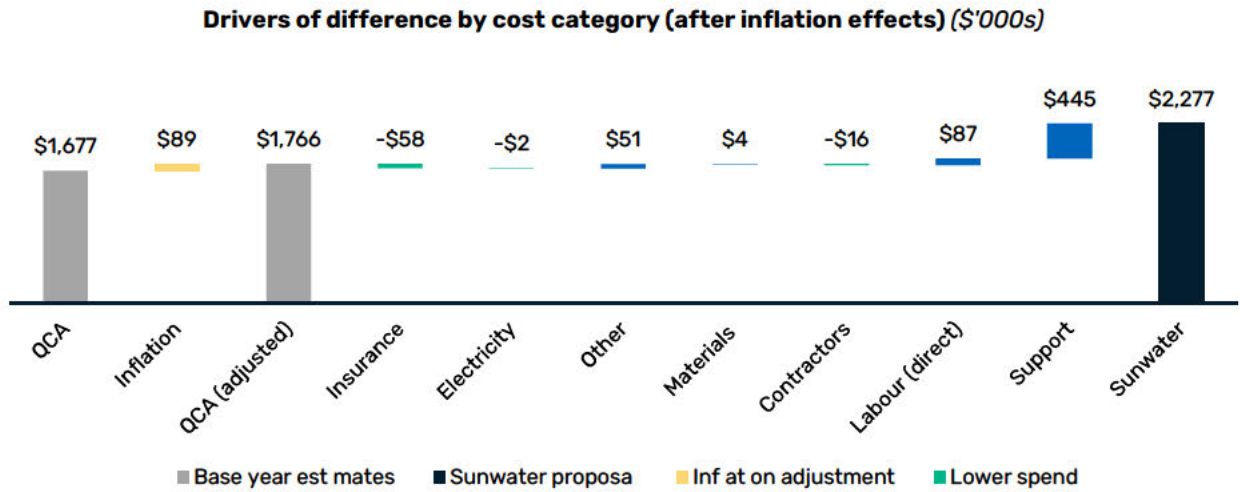
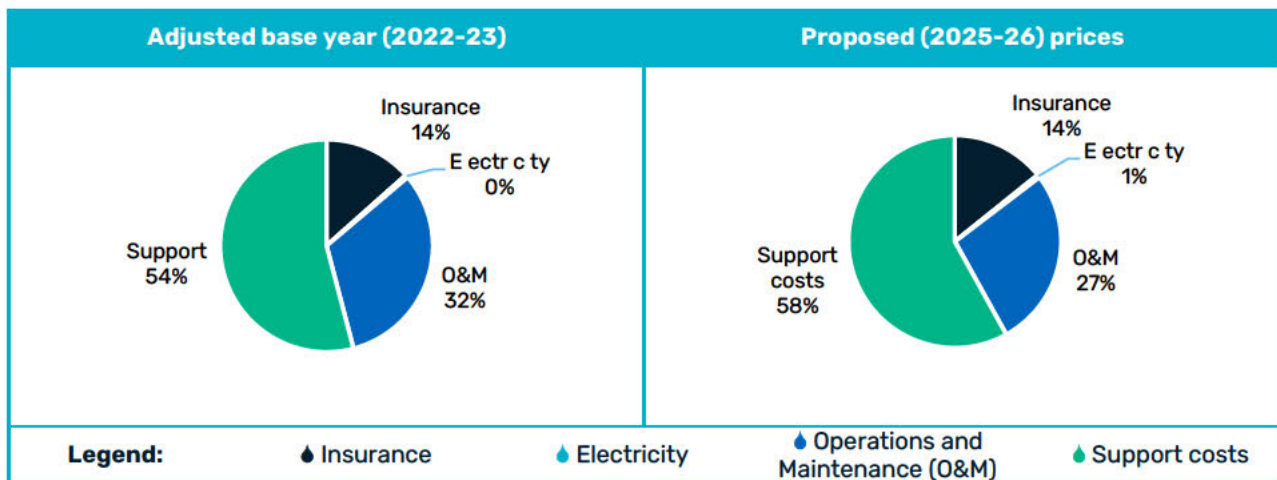


Table 3 - Bundaberg Supply – Opex forecasts for price path period (\$'000s)

Cost categories	2025-26	2026-27	2027-28	2028-29
Insurance	\$416.2	\$426.0	\$435.6	\$444.3
Electricity	\$12.4	\$12.7	\$13.0	\$13.3
Operations and maintenance ¹	\$798.6	\$817.9	\$835.2	\$851.8
Support costs	\$1,697.7	\$1,717.9	\$1,756.3	\$1,793.0
Opex - BST sub-total	\$2,925.0	\$2,974.6	\$3,040.1	\$3,102.4
Renewals opex	\$1,653.5	\$1,355.1	\$391.4	\$360.6
Opex total	\$4,578.5	\$4,329.7	\$3,431.6	\$3,463.0

Note 1: Includes preventative and corrective maintenance categories.

Table 4 - Bundaberg Supply – Relative contribution of major opex categories to total opex (prior to cost transfers)



Base year (2022-23) – Distribution

Sunwater’s opex forecast was developed using the base-step-trend methodology presented in our pricing submission.

Sunwater’s proposed base year (2022-23 actuals after adjustments) of \$14.5M is shown on **Figure 9** and is \$1.2M (9 per cent) higher than the QCA’s allowance for the same year (after adjustment for actual inflation).

The primary drivers of this uplift are direct labour and support costs.

Support costs include indirect activities (those that support a specific direct activity such as dam safety, pricing and regulation, and water planning); and local and corporate support, such as depots, local administration teams and offices, finance, payroll, procurement, human resources, information and communications technology, cybersecurity, and other necessary costs of doing business.

Other drivers include:

- increases in insurance costs
- decreases in electricity.

Operations and maintenance have been split into other direct costs, materials, contractors, and direct labour.

Price path forecast – Distribution

The Bundaberg Distribution opex forecast for the price path period is shown in **Table 5**.

The base-step-trend approach to develop our forecasts is described in detail in Sunwater’s pricing submission. In summary, we take the base-year (**Figure 9**) and apply assumptions relating to inflation.

No step changes have been applied to the Bundaberg Distribution opex forecast.

Table 6 shows how the relative mix of opex cost categories is changing under Sunwater’s forecast prices.

For each dollar of total opex spent, the percentages shown reflect the cents the category contributes.

Renewals opex has not been included in this table as it is a new category that applies under a RAB-based recovery of renewals expenditure.

Figure 9 - Bundaberg Distribution – Difference between Sunwater’s base year and QCA allowance (2022-23)

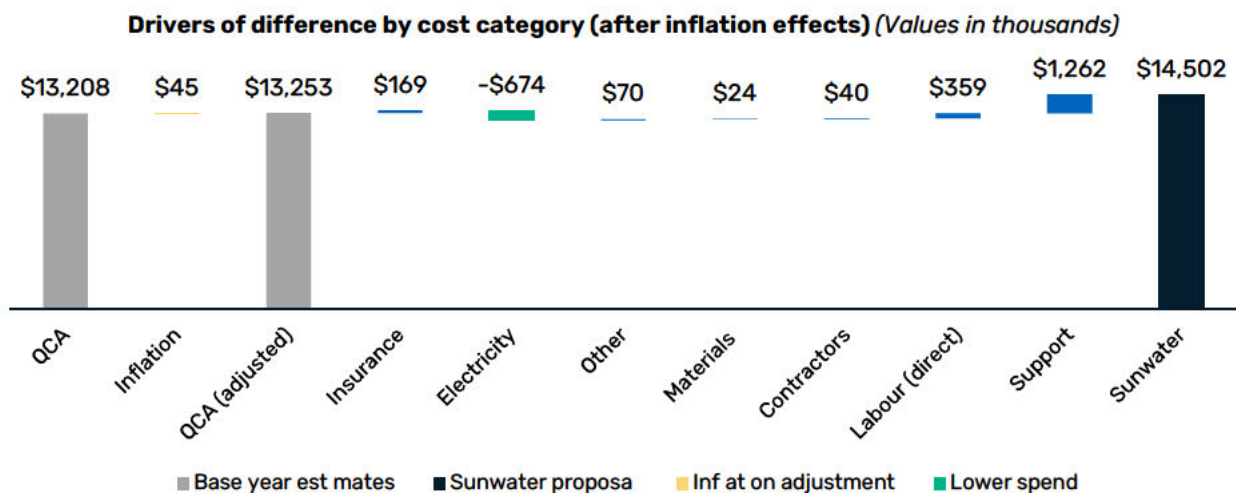
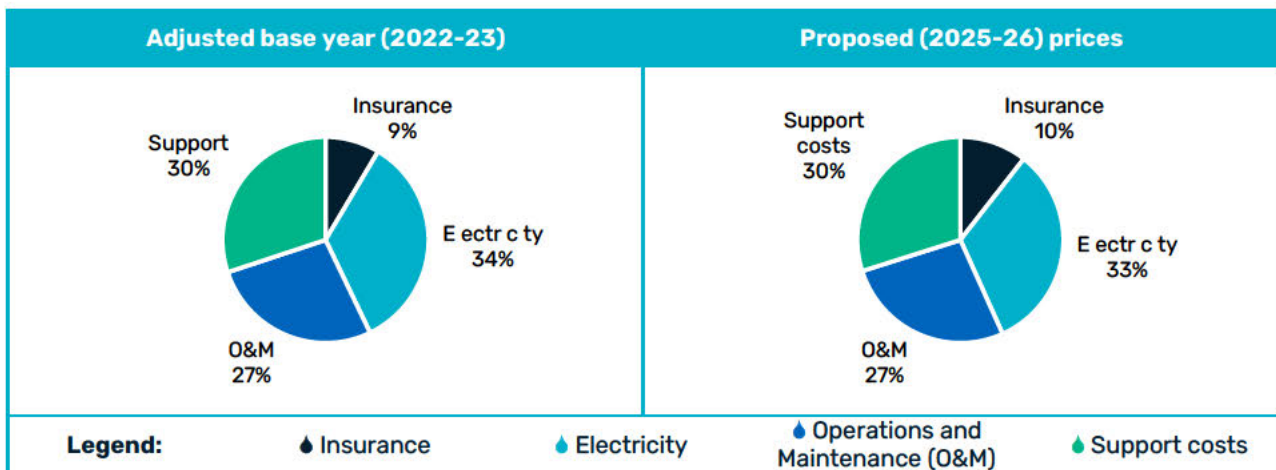


Table 5 - Bundaberg Distribution – Opex forecasts for price path period (\$'000s)

Cost categories	2025-26	2026-27	2027-28	2028-29
Insurance	\$1,686.8	\$1,726.8	\$1,765.7	\$1,801.0
Electricity	\$5,221.5	\$5,305.1	\$5,400.6	\$5,508.6
Operations and maintenance ¹	\$4,285.2	\$4,388.4	\$4,481.6	\$4,570.7
Support costs	\$4,770.8	\$4,886.7	\$4,989.8	\$5,089.1
Opex - BST sub-total	\$15,964.3	\$16,306.9	\$16,637.6	\$16,969.3
Renewals opex	\$1,279.8	\$2,698.0	\$1,174.1	\$661.2
Opex total	\$17,244.1	\$19,004.9	\$17,811.8	\$17,630.5

Note 1: Includes preventative and corrective maintenance categories.

Table 6 - Bundaberg Distribution – Relative contribution of major opex categories to total opex (prior to cost transfers)



Renewals (capital)

This section addresses actual renewals expenditure for the 2019-20 to 2022-23 period, forecasts for the remainder of the current pricing period (2023-24 to 2024-25) and forecasts relevant for the price path period. Sunwater’s approach to the delivery and forecast of renewals expenditure is set out in our pricing submission.

Discussion of current period expenditure is presented with reference to the annuity funding methodology, while forecasts for the price path period refer to the RAB-funding methodology.

As Sunwater’s RAB-funding methodology is a proposal for assessment by the QCA and Government, the full forecast required for an annuity-funding methodology is presented for completeness.

Separate renewals forecasts are provided for the supply and distribution services provided within the Bundaberg scheme.

Current period (plus roll-forward) – Supply

Sunwater expects to have delivered \$14.8M in renewals activities for the 2019-20 to 2024-25 period. The QCA allowance⁴ for the same period was \$18.7M. This is shown in **Table 7** which also includes the roll-forward of annuity expenditure from the QCA's 2018-19 closing balance to 30 June 2025.

Bundaberg Supply is forecast to have a negative annuity closing balance.

The opening RAB balance for the Bundaberg Supply service has been set at \$17.2M, consistent with the approach set out in Sunwater's pricing submission.

Significant projects delivered (or forecast to be delivered) in this period (by value) are shown in **Table 8**.

Price path period – Supply

Sunwater's submission document describes in detail the way we have developed our renewals expenditure forecast for the next price path period.

Table 9 shows the forecast for Bundaberg for the price path period, with a focus on the top five programs by aggregate spend. Each program forecast comprises a mix of capex and opex, with values separated at the bottom of the table used for the setting of prices.

A program comprises several individual projects that have common characteristics. For example, a valve replacement program will comprise multiple valve replacements over the period. The justification (need) for each project within a program is generally the same and similar approaches are typically adopted for the estimation of project costs.

The largest projects (outside major programs) forecast to be delivered in this period (by value) are shown in **Table 10**.

An additional \$8.856M in capital expenditure (not shown in **Table 9**) has been added to 2025-26 as the Bundaberg portion of the \$42.4M whole-of-business project to renew Sunwater's billing system.

Table 7 - Bundaberg Supply – Current pricing period expenditure and renewals annuity roll-forward (\$'000s)

	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
	Actual	Actual	Actual	Actual	Actual	Forecast	Forecast
			<i>Current price path period</i>				
Opening balance		-\$11,173.2	-\$13,897.7	-\$17,456.8	-\$17,732.6	-\$17,146.8	-\$16,837.2
Expenditure		-\$2,902.0	-\$5,326.6	-\$1,908.9	-\$1,061.9	-\$1,400.9	-\$2,152.1
		<i>Aggregate spend for roll-forward period =-\$14,752.4</i>					
Insurance proceeds							
Annuity contribution		\$666.0	\$2,375.1	\$2,396.4	\$2,423.0	\$2,460.1	\$2,515.3
Interest		-\$488.5	-\$607.6	-\$763.3	-\$775.3	-\$749.7	-\$736.2
Closing balance¹	-\$11,173.2	-\$13,897.7	-\$17,456.8	-\$17,732.6	-\$17,146.8	-\$16,837.2	-\$17,210.3

Note 1: Closing balance for 2018-19 was set by the QCA at the last pricing review. The calculated (forecast) 2024-25 value is used to set the opening balance of the regulated asset base for the price path period.

⁴ Revenue Model issued by QCA with its Final Model (January 2020)

Table 8 - Bundaberg Supply – Significant projects (by value) delivered in this period (\$'000s)

Project name	Year	Value
22BU01-Replace Ben Anderson Barrage Shutters	2020-27	\$2,379.9
21BUN17-Refurbishment - Joint Seals & Concrete – Ned Churchward Weir	2021-22	\$248.5
Refurbish Ben Anderson Barrage Outlet Works Gates	2022-23	\$194.2

Table 9 - Bundaberg Supply – Price path period – forecast renewals expenditure (\$'000s)

Category	2025-26	2026-27	2027-28	2028-29	Aggregate	Percentage
18. Dam Instrumentation Program	\$0.0	\$2,475.4	\$0.0	\$0.0	\$2,475.4	31%
13. Mechanical	\$1,579.4	\$263.4	\$113.2	\$0.0	\$1,956.0	25%
2. Meter Renewal Program	\$229.2	\$236.7	\$238.3	\$257.8	\$962.1	12%
17. Arc Flash Program	\$429.9	\$266.3	\$0.0	\$0.0	\$696.2	9%
5. Dam-Related Works Program	\$12.1	\$207.3	\$74.9	\$0.0	\$294.3	4%
Remaining Programs	\$61.9	\$390.3	\$70.1	\$89.5	\$611.8	8%
Sub-total – programs	\$2,312.7	\$3,839.4	\$496.5	\$347.3	\$6,995.9	88%
Projects not captured in programs	\$0.0	\$564.6	\$133.2	\$271.1	\$968.9	12%
Total	\$2,312.7	\$4,404.0	\$629.7	\$618.4	\$7,964.8	100%
Capex	\$659.2	\$3,048.9	\$238.3	\$257.8	\$4,204.3	53%
Renewals Opex	\$1,653.5	\$1,355.1	\$391.4	\$360.6	\$3,760.6	47%

Table 10 - Bundaberg Supply – Significant individual projects (by value) to be delivered during the price path period (\$'000s)

Project name	Year	Value	Percentage total
Instrumentation Program	2025	\$2,475.4	31%
Replace Steel Shutters - Ben Anderson Barrage	2025	\$1,842.8	23%

Beyond price path period – Supply

Expenditure beyond the price path is not relevant to the setting of prices for the 2025-26 to 2028-29 period under a RAB methodology. It is presented in **Figure 10** for completeness. This profile underpins the alternative annuity-base prices presented in the **Revenue and Pricing** section of this summary.

Significant (by value) projects forecast for completion between 2029-30 and 2057-58 are shown in **Table 11**. Expenditure commencement dates are shown. For programs, expenditure will typically occur throughout the period.

Figure 10 - Bundaberg Supply - Expenditure by major program beyond the price path period (relevant under an annuity method of cost recovery) ('000s)

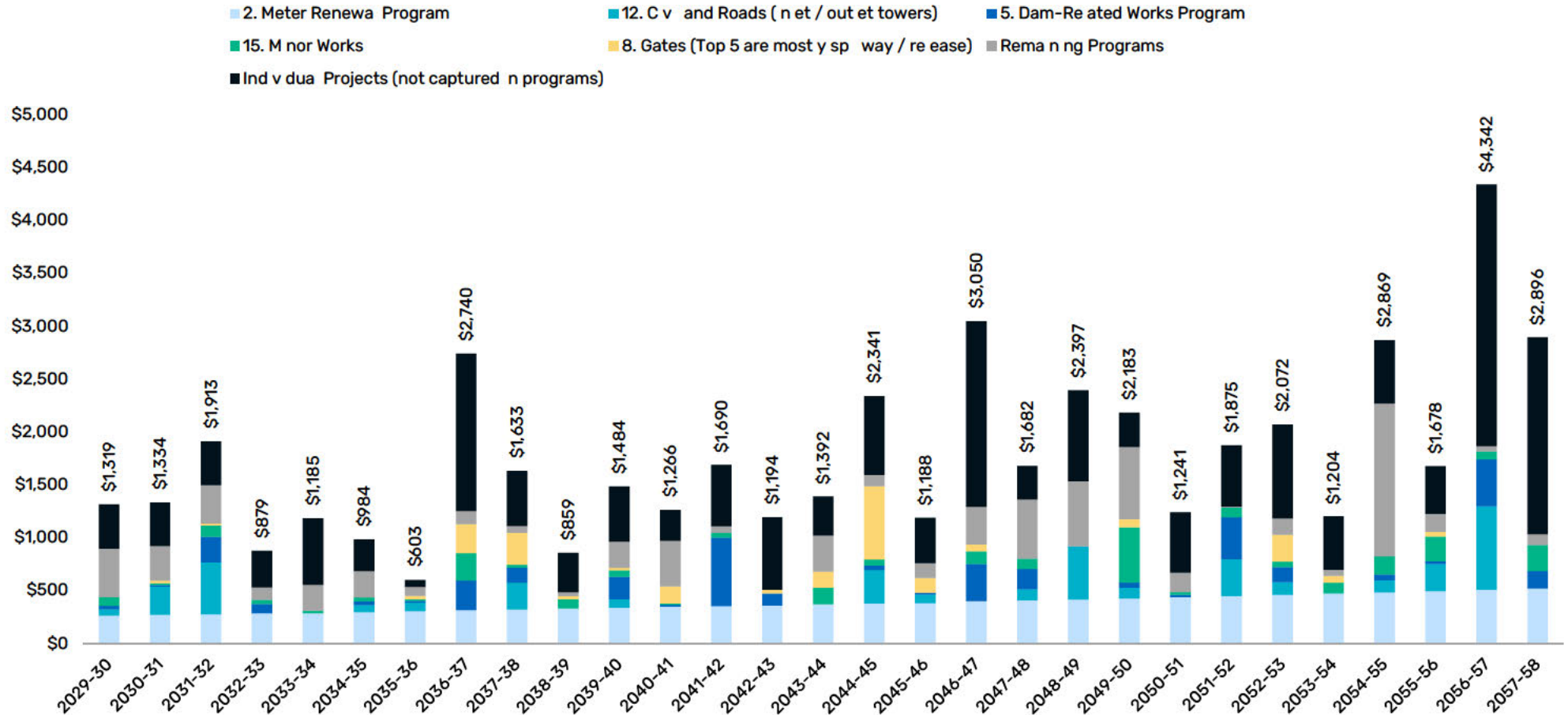


Table 11 - Bundaberg Supply – Key projects beyond the price path period (2029-30 to 2057-58) period (\$'000s)

Project name	Commencement year	Value	Percentage total
Replace Meter Program Burnett River Meter Outlets	2025	\$5,748	11%
Replace Meter Program - Kolan River	2025	\$5,242	10%
Inspect Ground Bed (Impressed Current) - D/S - Ben Anderson Barrage 25.7 Km - Cathodic Protection (Impressed)	2027	\$1,855	4%
Study: Comprehensive Risk Assessment Dam - Fred Haigh Dam	2027	\$1,784	3%
Replace Pump Station Suction Guard Vlv - Fred Haigh Dam - Outlet Works	2055	\$1,347	3%
Other	Varies	\$35,518	69%
Total		\$51,494	100%

Current period (plus roll forward) – Distribution

Sunwater expects to have delivered \$31.8M in renewals activities for the 2019-20 to 2024-25 period. The QCA allowance⁵ for the same period was \$11.0M. This is shown in **Table 12** which also includes the roll-forward of annuity expenditure from the QCA's 2018-19 closing balance to 30 June 2025.

Bundaberg Distribution is forecast to have a negative annuity closing balance.

The opening RAB balance for the Bundaberg Distribution service has been set at \$11.1M, consistent with the approach set out in Sunwater's pricing submission.

Significant projects delivered (or forecast to be delivered) in this period (by value) are shown in **Table 13**.

Price path period – Distribution

Sunwater's submission document describes in detail the way we have developed our renewals expenditure forecast for the next price path period.

Table 14 shows the forecast for Bundaberg for the price path period, with a focus on the top five programs by aggregate spend. Each program forecast comprises a mix of capex and opex, with values separated at the bottom of the table used for the setting of prices.

A program comprises several individual projects that have common characteristics. For example, a valve replacement program will comprise multiple valve replacements over the period. The justification (need) for each project within a program is generally the same and similar approaches are typically adopted for the estimation of project costs.

The largest projects (outside major programs) forecast to be delivered in this period (by value) are shown in **Table 15**.

⁵ Revenue Model issued by QCA with its Final Model (January 2020)

Table 12 – Bundaberg Distribution – Current pricing period expenditure and renewals annuity roll-forward (\$'000s)

	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	
	Actual	Actual	Actual	Actual	Actual	Forecast	Forecast	
			<i>Current price path period</i>					
Opening balance		\$8,783.2	\$8,812.8	\$7,863.1	\$5,479.3	\$2,648.5	-\$1,931.2	
Expenditure		-\$2,357.4	-\$2,921.6	-\$4,383.9	-\$4,771.5	-\$6,469.2	-\$10,911.8	
		<i>Aggregate spend for roll-forward period =-\$31,815.5</i>						
Insurance proceeds								
Annuity contribution		\$2,002.9	\$1,586.7	\$1,656.3	\$1,701.1	\$1,773.8	\$1,813.5	
Interest		\$384.0	\$385.3	\$343.8	\$239.6	\$115.8	-\$84.4	
Closing balance¹	\$8,783.2	\$8,812.8	\$7,863.1	\$5,479.3	\$2,648.5	-\$1,931.2	-\$11,113.9	

Note 1: Closing balance for 2018-19 was set by the QCA at the last pricing review. The calculated (forecast) 2024-25 value is used to set the opening balance of the regulated asset base for the price path period.

Table 13 – Bundaberg Distribution – Significant projects (by value) delivered in this period (\$'000s)

Project name	Year	Value
Upgrade Electrical System Woongarra Pump Station	2017-21	\$2,081.9
Tirroan PSTN LV switchboard	2022-25	\$1,846.8
12BIA03 Replace Control System – Bullyard Pump Station	2021-23	\$866.4

Table 14 – Bundaberg Distribution – Price path period – forecast renewals expenditure (\$'000s)

Category	2025-26	2026-27	2027-28	2028-29	Aggregate	Percentage
1. Switchboard and Control Renewal Program	\$1,927.2	\$355.6	\$307.3	\$8.7	\$2,598.7	19%
17. Arc Flash Program	\$1,395.8	\$864.6	\$0.0	\$0.0	\$2,260.4	17%
2. Meter Renewal Program	\$602.3	\$477.9	\$500.8	\$480.3	\$2,061.3	15%
20. Dam Safety Management Program	\$0.0	\$0.0	\$415.5	\$899.0	\$1,314.5	10%
7. Pump & Motor Renewal	\$340.8	\$552.4	\$108.9	\$64.8	\$1,066.9	8%
Remaining programs	\$497.1	\$1,078.1	\$602.5	\$807.0	\$2,984.7	22%
Sub-total – programs	\$4,763.1	\$3,328.5	\$1,934.9	\$2,259.9	\$12,286.4	90%
Projects not captured in programs	\$0.0	\$717.7	\$514.5	\$81.2	\$1,313.4	10%
Total	\$4,763.1	\$4,046.3	\$2,449.4	\$2,341.0	\$13,599.8	100%
Capex	\$3,483.3	\$1,348.3	\$1,275.3	\$1,679.8	\$7,786.7	57%
Renewals opex	\$1,279.8	\$2,698.0	\$1,174.1	\$661.2	\$5,813.1	43%

Table 15 - Bundaberg Distribution – Significant individual projects (by value) to be delivered during the price path period (\$'000s)

Project name	Year	Value	Percentage total
Replace Switchboard, Low Voltage - Abbotsford Pump Station	2026	\$691.7	5%
Dam Safety Inspection - Woongarra Distribution - Woongarra Balancing Storage	2027	\$599.7	4%

Beyond price path period - Distribution

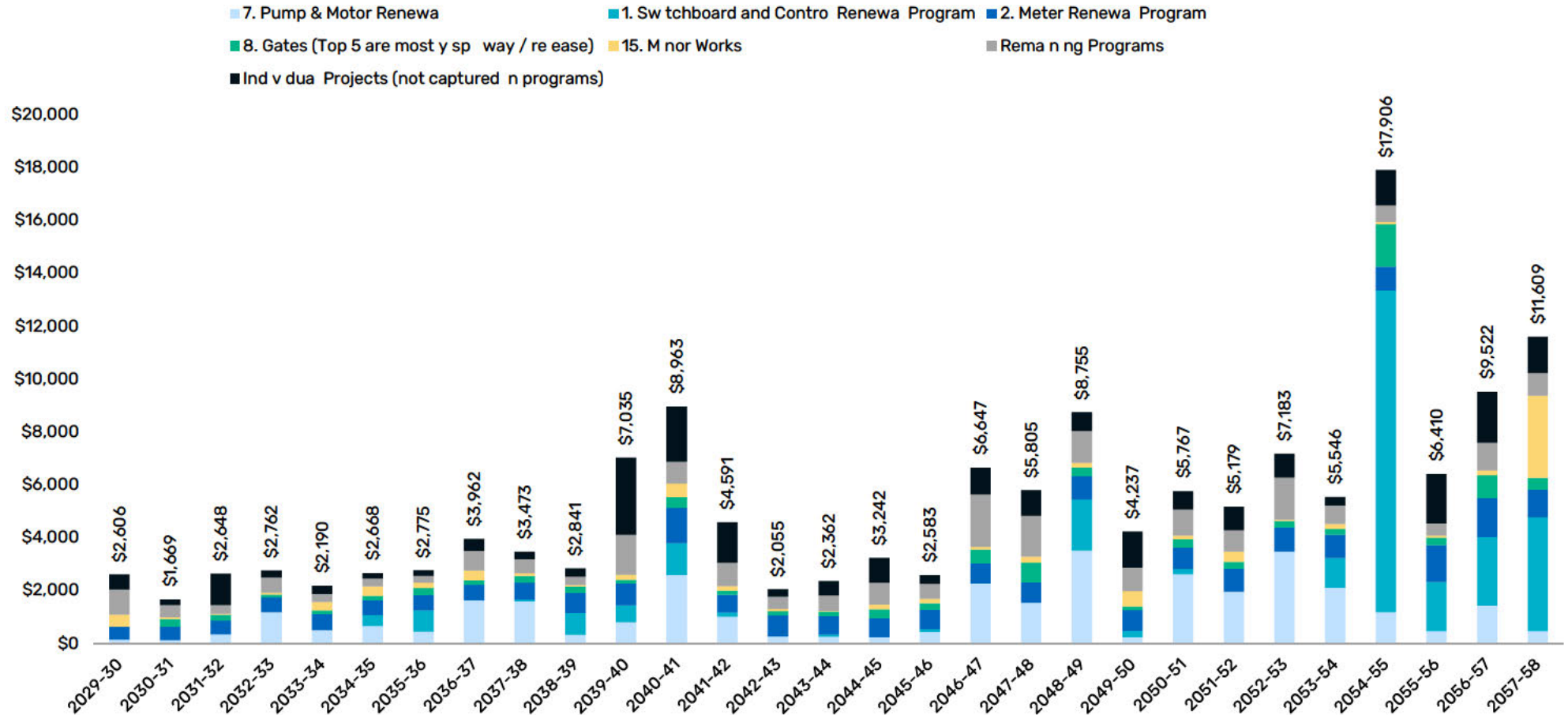
Expenditure beyond the price path is not relevant to the setting of prices for the 2025-26 to 2028-29 period under a RAB methodology. It is presented in **Figure 11** for completeness. This profile underpins the alternative annuity-base prices presented in the **Revenue and pricing** section of this summary.

Significant (by value) projects forecast for completion between 2029-30 and 2057-58 are shown in **Table 16**. Expenditure commencement dates are shown. For programs, expenditure will typically occur throughout the period.

Table 16 - Bundaberg Distribution – Key projects beyond the price path period (2029-30 to 2057-58) period (\$'000s)

Project name	Commencement year	Value	Percentage total
Replace Pump - Bullyard Pump Station	2051	\$6,209	4%
Replacement of High Voltage Switchboard - Quart Pot Creek Pump Station	2025	\$5,656	4%
Replacement of Switchboards - Don Beattie Pump Station	2025	\$5,650	4%
Customer Meter Replacement Allocation Isis	2025	\$5,422	4%
Customer Meter Replacement Allocation Woongarra	2025	\$5,111	3%
Other	Varies	\$123,997	81%
Total		\$152,044	100%

Figure 11 - Bundaberg Distribution - Expenditure by major program beyond the price path period (relevant under an annuity method of cost recovery) ('000s)



Revenue and pricing

This section shows the final revenue requirement at scheme level. Values shown are prior to allocation to fixed (high or medium priority) or variable charges. These values represent Sunwater's estimate of the revenue required to continue to meet customer service standards and regulatory obligations under the current regulatory framework.

Revenue requirement

Table 17 and **Table 18** bring together the price-path related expenditure building blocks for the Supply and Distribution services respectively.

This includes a revenue offset building block as well as adjustments for the return of annuity positive balance funds (where applicable to a scheme), insurance review event funds and the QCA's review fee, which is applied only to irrigation entitlements.

It also includes a transfer of revenue from the Distribution service to the Supply service in recognition of the supply function performed by portions of the Gin Gin main channel – a distribution asset.

Prices

As outlined above (and in detail in our pricing submission), Sunwater is proposing to shift to a RAB-based recovery of renewals expenditure. Prices under a RAB methodology are presented in the **Proposal in summary** section.

The following tables show recommended irrigation prices (by tariff group) for the price path period for both the RAB and annuity cost recovery methodologies. They also show the difference between the two to highlight the impact of the change on irrigators.

Bundaberg

Recommended prices for the Bundaberg tariff group are shown in **Table 19**.

As electricity in the Part A tariff is negligible (**Table 3**) this tariff group has not been included in the consideration of an electricity cost pass-through.

Bundaberg Channel

Recommended prices for the Bundaberg Channel tariff group are shown in **Table 20** *inclusive* of electricity.

This group pays for electricity and is eligible for the Part E and Part F tariffs proposed under an electricity cost pass-through mechanism.

Table 17 - Bundaberg Supply – Forecast revenue requirement (inclusive of revenue adjustments) (\$'000s)

Building block	2025-26	2026-27	2027-28	2028-29	Aggregate	Percentage
Price path related expenditure						
Opex	\$2,925.0	\$2,974.6	\$3,040.1	\$3,102.4	\$12,042.1	51.0%
Renewals opex	\$1,653.5	\$1,355.1	\$391.4	\$360.6	\$3,760.6	15.9%
Capital returns	\$1,213.5	\$1,802.8	\$2,022.4	\$2,064.2	\$7,102.8	30.1%
Tax allowance	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	0.0%
Sub-total	\$5,791.9	\$6,132.4	\$5,454.0	\$5,527.2	\$22,905.5	97.0%
Revenue adjustments						
Revenue transfer ¹	\$57.9	\$60.5	\$58.6	\$56.7	\$233.7	1.0%
Revenue offsets	-\$2.0	-\$2.1	-\$2.1	-\$2.2	-\$8.5	0.0%
Insurance review	\$10.4	\$10.7	\$11.0	\$11.2	\$43.2	0.2%
QCA fee ²	\$105.6	\$108.6	\$111.6	\$114.7	\$440.4	1.9%
Sub-total	\$171.8	\$177.6	\$179.0	\$180.4	\$708.9	3.0%
Total	\$5,963.8	\$6,310.0	\$5,633.0	\$5,707.6	\$23,614.4	100.0%

Note 1: Consistent with past practice Sunwater has transferred (from Bundaberg Distribution to Bundaberg Supply) a portion of revenue associated with Gin Gin main channel, recognising its bulk water function.

Note 2: The QCA fee is apportioned to each scheme on the basis of irrigation entitlements.

Table 18 - Bundaberg Distribution – Forecast revenue requirement (inclusive of revenue adjustments) (\$'000s)

Building block	2025-26	2026-27	2027-28	2028-29	Aggregate	Percentage
Price path related expenditure						
Opex	\$15,964.3	\$16,306.9	\$16,637.6	\$16,969.3	\$65,878.1	86.3%
Renewals opex	\$1,279.8	\$2,698.0	\$1,174.1	\$661.2	\$5,813.1	7.6%
Capital returns	\$592.5	\$706.8	\$793.8	\$864.3	\$2,957.4	3.9%
Tax allowance	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	0.0%
Sub-total	\$17,836.6	\$19,711.7	\$18,605.6	\$18,494.8	\$74,648.7	97.8%
Revenue adjustments						
Revenue transfer ¹	-\$57.9	-\$60.5	-\$58.6	-\$56.7	-\$233.7	-0.3%
Revenue offsets	-\$3.9	-\$4.0	-\$4.1	-\$4.2	-\$16.2	0.0%
Insurance review	\$463.5	\$476.8	\$489.9	\$502.2	\$1,932.5	2.5%
QCA fee ²	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	0.0%
Sub-total	\$401.8	\$412.3	\$427.2	\$441.2	\$1,682.6	2.2%
Total	\$18,238.4	\$20,124.0	\$19,032.8	\$18,936.0	\$76,331.3	100.0%

Note 1: Consistent with past practice Sunwater has transferred (from Bundaberg Distribution to Bundaberg Supply) a portion of revenue associated with Gin Gin main channel, recognising its bulk water function.

Note 2: The QCA fee is apportioned to each scheme on the basis of irrigation entitlements.

Table 19 - Comparison of recommended prices- Bundaberg tariff group

Charge	Methodology	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36	2036-37
Part A (\$/ML)	Proposed (RAB)	\$16.03	\$18.12	\$18.62	\$19.13	\$22.50	\$24.13	\$24.80	\$25.48	\$28.50	\$29.29	\$30.10	\$30.93
	Annuity	\$16.03	\$18.36	\$18.87	\$19.39	\$22.55	\$23.18	\$23.82	\$24.48	\$28.32	\$29.83	\$30.65	\$31.50
	Difference	+\$0.00	-\$0.24	-\$0.25	-\$0.26	-\$0.06	+\$0.95	+\$0.98	+\$1.00	+\$0.18	-\$0.54	-\$0.55	-\$0.57
Part B (\$/ML)	Proposed (RAB)	\$1.11	\$1.55	\$1.59	\$1.63	\$1.68	\$1.87	\$1.92	\$1.97	\$2.19	\$2.25	\$2.31	\$2.38
	Annuity	\$1.11	\$1.55	\$1.59	\$1.63	\$1.82	\$1.87	\$1.92	\$1.97	\$2.03	\$2.25	\$2.31	\$2.38
	Difference	+\$0.00	+\$0.00	+\$0.00	+\$0.00	-\$0.14	+\$0.00	+\$0.00	+\$0.00	+\$0.16	+\$0.00	+\$0.00	+\$0.00

Table 20 - Comparison of prices- Bundaberg Channel tariff group

Charge	Methodology	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36	2036-37
Part A (\$/ML)	Proposed (RAB)	\$16.03	\$18.12	\$18.62	\$19.13	\$22.50	\$24.13	\$24.80	\$25.48	\$28.50	\$29.29	\$30.10	\$30.93
	Annuity	\$16.03	\$18.36	\$18.87	\$19.39	\$22.55	\$23.18	\$23.82	\$24.48	\$28.32	\$29.83	\$30.65	\$31.50
	Difference	+\$0.00	-\$0.24	-\$0.25	-\$0.26	-\$0.06	+\$0.95	+\$0.98	+\$1.00	+\$0.18	-\$0.54	-\$0.55	-\$0.57
Part B (\$/ML)	Proposed (RAB)	\$1.50	\$1.55	\$1.59	\$1.63	\$1.68	\$1.72	\$1.77	\$1.82	\$1.87	\$1.92	\$1.98	\$2.03
	Annuity	\$1.50	\$1.55	\$1.59	\$1.63	\$1.68	\$1.72	\$1.77	\$1.82	\$1.87	\$1.92	\$1.98	\$2.03
	Difference	+\$0.00	+\$0.00	+\$0.00	+\$0.00	+\$0.00	+\$0.00	+\$0.00	+\$0.00	+\$0.00	+\$0.00	+\$0.00	+\$0.00
Part C (\$/ML)	Proposed (RAB)	\$56.05	\$58.57	\$62.88	\$67.38	\$69.24	\$73.06	\$78.08	\$83.31	\$86.47	\$92.11	\$98.00	\$104.15
	Annuity	\$56.05	\$58.33	\$62.63	\$67.12	\$69.19	\$74.01	\$79.05	\$84.32	\$86.65	\$91.58	\$97.45	\$103.58
	Difference	+\$0.00	+\$0.24	+\$0.25	+\$0.26	+\$0.06	-\$0.95	-\$0.98	-\$1.00	-\$0.18	+\$0.54	+\$0.55	+\$0.57
Part D (\$/ML)	Proposed (RAB)	\$53.80	\$55.29	\$56.82	\$58.40	\$60.01	\$61.68	\$63.38	\$65.14	\$66.94	\$68.80	\$70.70	\$72.66
	Annuity	\$53.80	\$55.29	\$56.82	\$58.40	\$60.01	\$61.68	\$63.38	\$65.14	\$66.94	\$68.80	\$70.70	\$72.66
	Difference	+\$0.00	+\$0.00	+\$0.00	+\$0.00	+\$0.00	+\$0.00	+\$0.00	+\$0.00	+\$0.00	+\$0.00	+\$0.00	+\$0.00

Keelie O'Sullivan

From: Cameron Milliner
Sent: Wednesday, 29 November 2023 3:36 PM
To: Natalie Bain; Keelie O'Sullivan
Cc: Matthew Pearce
Subject: Fwd: Bundaberg ECPT

Restricted

FYI team.

Cheers

Cameron

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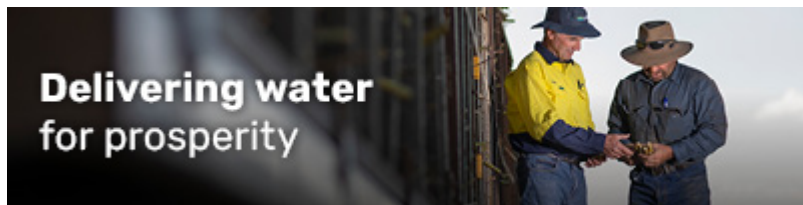
Cameron Milliner

[Redacted]



[Redacted]

[Redacted]



Sunwater acknowledges Aboriginal and Torres Strait Islander peoples as the first peoples of this country and Traditional Custodians of the land and water we rely on. We respect and value their continued sacred connection to Country, including the diverse, rich traditions, languages and customs that are the longest living in the world. We acknowledge their resilience in the face of significant and ongoing historical, cultural and political change within Australia. We recognise and value the importance of truth-telling today, and our role to listen and learn.

From: [Redacted]
Sent: Wednesday, November 29, 2023 3:27:17 PM
To: Cameron Milliner [Redacted]; Matthew Pearce
Cc: [Redacted]
Subject: RE: Bundaberg ECPT

Restricted

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This message came from outside your organisation.

Hi Cameron and Matt,

I have discussed the impact that the proposed ECPT with the Boards of BRIG, BAFFA, CANEGROWERS Isis and Bundaberg CANEGROWERS.

Whilst we are supportive of ECPT as a concept we cannot support the current format due to the significant cost to irrigators in the Bundaberg Irrigation Area.

We suggest that a structure similar to the recently completed trial and methodology be investigated and would appreciate your and QCA's thoughts on how to accomplish this.

Regards

[Redacted]

[Redacted]

[Redacted]

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From: Cameron Milliner [Redacted]

Sent: Tuesday, November 7, 2023 12:44 PM

[Redacted]

Cc: Matthew Pearce [Redacted]

Subject: Bundaberg ECPT

Restricted

Hi [Redacted]

Thanks for your time last week on the phone. As discussed, please find attached the current draft summary for the Bundaberg Scheme. You will see the impact of the ECPT on proposed actual prices for customers on pages 4 – 6. As you will see, the current ECPT methodology will see a reduction in CSO that Sunwater receives and a shift of these costs into the new Part E and F that will not be covered by the CSO and will pass the costs directly on to customers.

As mentioned during our call, we'll be having a discussion with customers about these outcomes when we engage at the scheme level and we expect this might change the views of customers on whether they are supportive of the ECPT proposal. Given we have committed to moving on this proposal based on customer support we will be asking customers to work together and provide us with feedback on whether their support for the proposal has now changed.

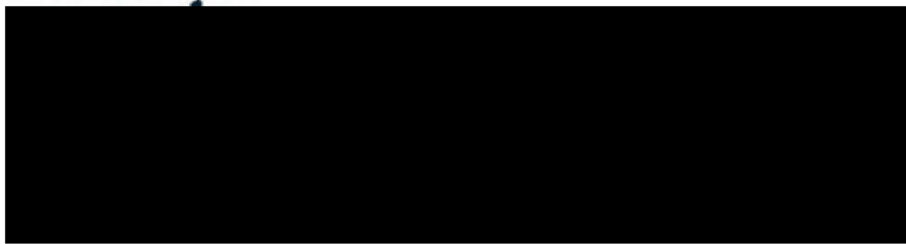
The summary will be available for all customers at the scheme meeting we have scheduled for next Thursday. Given your interest in the proposal I wanted you to know in advance and potentially give you the opportunity to discuss with your industry colleagues to help us resolve if we are continuing with the proposal or if we are going to reflect to the QCA a change in customer preference.

I should also note that while we have quality checked the numbers in the attached scheme draft, we are still working through finalising the document so there may be some changes from the draft to the final.

Cheers

Cameron

Cameron Milliner
EGM Customer & Stakeholder Relations



Sunwater acknowledges Aboriginal and Torres Strait Islander peoples as the first peoples of this country and Traditional Custodians of the land and water we rely on. We respect and value their continued sacred connection to Country, including the diverse, rich traditions, languages and customs that are the longest living in the world. We acknowledge their resilience in the face of significant and ongoing historical, cultural and political change within Australia. We recognise and value the importance of truth-telling today, and our role to listen and learn.

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