

Review of RAB-based irrigation prices 2027-29 Ayr workshop – summary of issues raised

This note records issues identified and views expressed by stakeholders present at the QCA's initial workshop for this 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: Burdekin-Haughton

Date of workshop: 12 March 2026

Topic	Issues raised
Asset planning and management	<ul style="list-style-type: none"> Some stakeholders expressed concern that there may be less visibility of long-term renewals under the RAB approach.
Forecast uncertainty risk	<ul style="list-style-type: none"> Some stakeholders indicated a willingness to bear the forecast uncertainty risk associated with long-term renewals, as they considered the annuity sinking fund ensured they contributed their fair share to asset renewals.
Customer engagement	<ul style="list-style-type: none"> Some stakeholders expressed concerns about the effectiveness of Sunwater's engagement.
Expenditure categorisation	<ul style="list-style-type: none"> A stakeholder considered that Sunwater was proposing to capitalise too much of the renewals program and suggested that correctional maintenance should be treated as opex.
Existing annuity balances	<ul style="list-style-type: none"> Some stakeholders viewed the positive annuity balance in their scheme as evidence of appropriate scrutiny of the renewals program and as demonstrating the effectiveness of the annuity approach. A stakeholder asked how schemes with large negative annuity balances had reached their current position.
Rate of return	<ul style="list-style-type: none"> Some stakeholders considered that the cost of debt would be a more appropriate rate of return for government-owned irrigation businesses. Some stakeholders expressed concern about the risk of gold-plating under the RAB approach given the incentive to earn a rate of return.
Price stability	<ul style="list-style-type: none"> Some stakeholders said that prices may be more volatile under the RAB approach due to the lumpiness of capex.