

## Customer Reference Group – Meeting Summary

<b>Date and Time</b>	13 September 2023 10:00am
<b>Location</b>	Atkinson Dam – Operators Office
<b>Attendees</b>	Seqwater – Petrina Douglas, Wendy Scott, Cameron Stewart, Dan Sedunary, Steve Pett and James Lofting CRG Members: Gordon Van Der Est (Chair), Kerry Hauser, John Lester, Brad Qualischefski, Anthony Stattz, Brock Sutton and Timm Linnan
<b>Apologies</b>	Brendon Clarke
<b>Purpose</b>	First look at draft proposal – costs and irrigation pricing 2025-2029

### Welcome & Introductions

Seqwater introduced members of the Operations and Irrigation Team and provided an overview of the agenda.

Purpose of the meeting was to share Seqwater’s first look at draft proposal of costs and pricing for the 2025-2029 pricing period.

### Agenda Items:

- (Phase 2) First look at draft proposal of irrigation costs and pricing 2025-29
- Discussion regarding installation of trash rack at Lake Dyer Inlet
- Customer Irrigation Forum Tuesday 24 October, 2023

### QCA (Queensland Competition Authority) price review

- The Queensland Government issued a referral notice to the QCA directing them to undertake a review of the irrigation pricing practices of Seqwater and Sunwater.
- Purpose of review is to recommend irrigation pricing for the period 1 July 2025 – 30 June 2029.
- Seqwater will work with customers to agree prices from 1 July 2025.
- Submission to QCA is due 30 November 2023.

### Seqwater customer engagement strategy

Seqwater’s customer engagement strategy has three phases and we currently are in “phase 2”.

- Phase 1 – Engage/Feedback (March-May 2023). Complete
- Phase 2 – Consult/Feedback (August – September 2023) Current
- Phase 3 – Circle back final proposal (October – November 2023)

### Draft Cost and Pricing Proposals

Draft costs and pricing proposal is reflective of a challenging operating environment and a desire for meaningful engagement with customers as Seqwater develop prices for the next period.

Key themes impacting our operating environment:

- Global events such as COVID19 – inflation, availability of goods and services (including labour)
- Natural disasters – both here and overseas – insurance premiums continue to rise
- Higher energy prices
- Rising interest rates have increased cost of debt
- Council Rate increases
- Aging assets requiring continued monitoring and maintenance
- Asset maintenance program review underway – potential changes to Seqwater’s current asset maintenance programs
- Increased regulation – Metering
- Flood costs are excluded

## **Our customers voice – what they are telling us!**

- Engagement with our Customer Reference Groups during Phase 1 of our engagement plan identified what matters most to our customers and what they want taken into consideration for the next price period.
  - Price stability
  - Scheme efficiencies
  - Customers interested in bottom line prices. Engage on expenditure/service trade off’s
  - Customers keen to understand drivers for any significant repair and maintenance works proposed for the next price path period
  - Water reliability/security
  - Customers happy with current service standards
  - Customers would like an online account to manage their water allocations (like Sunwater)
  - Regulatory costs of price reviews minimised
  - When water is available, customers want reliability of supply, if there is an interruption to supply they want it fixed asap
  - Wanting to understand if Seqwater have any plans to grow our business (meaning more water allocations)
  - Community Service Obligations to be continued

## **What’s new in the next price path?**

### **Water Accounting System and Customer Portal**

A new cost effective water accounting system will replace the antiquated manual spreadsheets that are currently used to undertake customer water accounting.

The new system will provide transparency to our customers as they will be able to access their water balances and enter meter reads 24 hours a day/7 days week. This is a cost effective solution for our irrigation customers with the total implementation costs of the system being \$737,272 of which \$135,000 has been received from Water Start as an innovation grant. The ongoing annual license fee will be \$25,000. The costs of the system and the ongoing costs will be shared amongst Seqwater’s 7 irrigation schemes apportioned by customer numbers.

The Central Lockyer WSS share of the once off cost is \$132,619 and the annual fee for 2023/24 is \$5,505.

## **Metering Regulations**

- Majority of meters in this scheme have been upgraded to align with the Qld interim non-urban water meter standard over the next few years. Seqwater are working through the land owners so that the last few old meters can be upgraded.

- Having an upgraded fleet of meters will improve measurement accuracy and reduce maintenance costs.
- Seqwater’s meter of choice “Krohne” has an expected 30 year life span.

## Cost Drivers in the Central Lockyer WSS

- HUF review resulted in the HUF increasing from 98.9% to 99.08% due to increase in volumetric water allocations as per the Water Plan being approved late 2019. Increase in Part A tariff predominately caused by forecast increase in:
  - Direct costs (in particular insurance and new costs for the management of the observation bores & telemetry of the customer flow meters (regulatory requirement)
  - Indirect costs driven by a proportional increase in direct costs relative to the other schemes increasing indirect allocation
  - Non- metering and metering renewal spend causing an increase to the non-metering and metering annuity to be recovered

## CRG Feedback regarding a 20 Year Average Water Usage

- Customers highlighted that historical usage measurement is impacted by faulty meters up until 2019 replacement. As such the average usage is understated. Customers stated that the usage in FY11 (1,500ML) and FY22 (3000ML) as like for like years (i.e. flood years) as evidence of understated measurement of usage pre FY2019.
- Customers suggested the years where no water allocation was available should be removed from average usage calculation.

## ACTIONS

- Seqwater to recast usage input considering impact of faulty meters and remove years where no water allocation was available.
- Seqwater to investigate whether to absorb the projected \$135k costs associated with RWBS gauging station/flow meter for Jordan’s weir (i.e. telemetry associated with area 5) as no recharge benefit.
- Seqwater to investigate whether to include capital expenditure budget for an arrowhead or screen for the inlet rack at Lake Dyer (Bill Gunn), within forecast of non-metering renewals.
- Seqwater to investigate whether to include capital expenditure budget for desilting works (within forecast of non-metering renewals) when the performance of the scheme has the potential to be affected.
- Seqwater to validate costs associated with the management of the groundwater observation bores. (\$157k p.a.)
- Customers advised not to go in this much detail at the customer forums, we need to keep the pricing session at a high level otherwise we will lose our audience.

## Next Meeting

- Next Customer Forum will be held on Tuesday 24th October 2023 at Cultural Centre, Lake Apex Drive, Gatton.

## Meeting closed at 11:55pm