

Customer Reference Group – Meeting Summary

Date and Time	21 September 2023 10:10am
Location	The Phoenix Hotel, Gympie
Attendees	Seqwater – Petrina Douglas, Wendy Scott, Cameron Stewart, Gabe McGhee, Troy Huckstepp, Rick Goulding CRG Members – Shane Templeton (Chair), Mick Sims, Roger Bambling, Tom Walker and, Danny Attard
Apologies	Gary Rozynski, Chris Leacy, Blake Nicolle and Craig Nichols
Purpose	QCA Price Review – What is important to customers in this price review and what do they want to know.

Welcome & Introductions

Seqwater introduced members of the Operations and Irrigation Team and provided an overview of the agenda. Chair welcomed everyone to the meeting and declared the meeting opened.

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:

- First look at draft proposal costs and pricing 2025-2029
- Tour of Scheme to be organized in future.
- Upcoming Customer Irrigation Forum – Tuesday 3 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 Mary Valley WSS share of the once off cost is \$81,765 and the annual fee for 2023/24 is \$3,394 and Pie Creek Pipeline would be a once off cost at \$24,928 and the annual fee of \$1,035.

Metering Regulations

- Seqwater is upgrading all active customer meters to align with the Qld interim non-urban water meter standard over the next few years.
- 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 Mary Valley WSS

- No change to current HUF
- Marginal increase in cost reflective Part A tariff caused by forecast \$1.2M increase in metering spend in 2024/25 & 2025/26 causing an increase to the metering annuity to be recovered. This increase is offset by forecast reductions to indirect costs and non-metering annuity (which is reduced due to revenue contributions from customers over the current price period).

Cost Drivers in the Mary Valley WSS

- Increase in cost reflective Part A tariff caused by forecast:
 - Increase in direct costs (in particular electricity and other costs)
 - \$260k increase in metering spend in FY25

Actions

Water allocation

- Members asked whether the schemes water allocation will be increased in line with the proposed increase in storage of Borumba dam (due to the hydro) and whether the future water allocation would include an extra buffer to for uncertainties associated with the impact of the hydro project. **Seqwater's response: Under the current draft Mary Valley Water Plan there is no plan to increase the volume of MP water available in this scheme. Also it is important to consider the amount of unused water in this scheme annually. While there is still available water it is really hard to put a case forward for more water. Seqwater's submission on the draft Mary Valley Water Plan asked the department to ensure they ensure medium priority water allocations maintain current water security.**

20-year average usage

- Members considered the impact associated with the Traveston dam buy back scheme should be reflected in the usage numbers. Members believed the usage reduced when farmers exited and took several years to return in line with farmers returning post buy back scheme. Members suggest an upward adjustment be made to years impacted by the Traveston dam buy back scheme. **Seqwater to consider an adjustment to historical usage numbers potentially impacted by the Traveston dam buy back scheme.**
- Seqwater to check drivers of increase spend in other costs and electricity in Pie Creek.
- Seqwater to remove refurb of access road (**\$587k**) from non-metering renewals as this project is classified as recreational.
- Seqwater to validate forecast metering costs (**\$1.7M**).

- Seqwater to check whether replacement of water pump cables and upgrade of pumping system should be completed at the same time on the Pie Creek Channel.
- Customers want Seqwater to take into consideration pending applicable changes if the Hydro were to go ahead as such, hold off where they can on any capital expenditure, with the exception of dam safety. Seqwater to confirm actual metering spend in Pie Creek reflects \$42k in current price path. Seqwater can confirm \$42k was spent in 2019/20. Additional spend of \$82k & \$395k is forecast for 2023/24 & 2024/25 respectively causing increase to the metering annuity for the 2025 review.
- 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.
- Importance of water ordering especially during dry times to ensure scheme running efficiently – customers want Seqwater to raise at forum.
- Need to confirm with chair – term of reference for re-election
- Customers want to know what % of meters are active

Next Meeting

- Customer Irrigation Forum will take place Tuesday 3 October, 2023 and will be held at the Gympie RSL.
- A visit to the Dam in the month of February to be organized.

Meeting closed at 12.00pm