



# Warrill Valley Water Supply Scheme

## Annual Network Service Plan

December 2013



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# 1. Introduction

This Network Service Plan (NSP) is a key component of Seqwater’s consultation with its customers and is intended to provide useful and helpful information.

Seqwater invites comments and suggestions on the content of this NSP. All submissions will be published on the Seqwater website along with Seqwater’s responses. Customers can provide feedback via email or post at the following addresses:

Email: [irrigators@seqwater.com.au](mailto:irrigators@seqwater.com.au)

Post: NSP Comments  
 PO box 16146  
 City East QLD 4002

# 2. Scheme Details

## 2.1 Scheme background and context

The Scheme was established following the construction of Moogerah Dam in 1961. The Scheme provides water for the irrigation of about 8,000ha of farms as well as for urban and industrial users.

The Scheme is regulated under the Interim Resource Operations Licence (IROL) for Warrill Valley Water Supply Scheme, as amended August 2008. The Moreton Resource Operations Plan is being amended to include the Scheme. When finalised, the amended plan will replace the IROL and interim water allocations will be converted to water allocations that are separate from land and may be traded on a seasonal or permanent basis.

The water year runs from 1 July to 30 June.

The Scheme consists of one tariff group, “Warrill Valley”.

## 2.2 Infrastructure details

The table below sets out the bulk water assets, owned and operated by Seqwater, that comprise the scheme.

**Table 1:** Bulk water assets

| Dams   | Weirs   | Other bulk water assets   |
|--|---|---|
| <ul style="list-style-type: none"> <li>Moogerah Dam</li> </ul> | <ul style="list-style-type: none"> <li>Upper Warrill Diversion Weir</li> <li>Kents Lagoon Diversion Weir</li> <li>Aratula Weir</li> </ul> | <ul style="list-style-type: none"> <li>Gauging stations</li> <li>Customer water meters</li> </ul> |

| Dams | Weirs  | Other bulk water assets |
|------|--|-------------------------|
|      | <ul style="list-style-type: none"> <li>• Warrill Creek Diversion Weir</li> <li>• Warroolaba Creek Diversion Weir</li> <li>• West Branch Warrill Diversion Weir</li> <li>• Churchbank Weir</li> <li>• Railway Weir</li> </ul> |                         |

Source: Seqwater (2013)

## 2.3 Customers and water entitlements serviced

The following table sets out the distribution of water access entitlements (WAE) amongst classes of customers.

**Table 2:** Ownership of WAE

| Customer type | Number of customers | Medium priority volume (ML) | High priority volume (ML) |
|---------------|---------------------|-----------------------------|---------------------------|
| Irrigation    | 275                 | 20,535                      | -                         |
| Urban         | 2                   | -                           | 254                       |
| Seqwater      | 7                   | 3,715                       | 9,196                     |
| <b>Totals</b> | <b>284</b>          | <b>24,250</b>               | <b>9,450</b>              |

Source: IROL (Warrill Valley Water Supply Scheme); Seqwater 2013

## 2.4 Water availability and use

The announced allocation determines the percentage of nominal WAE volume that is available in each water year.

The following table sets out the announced allocations since 2006-07, the commencement of the previous price path.

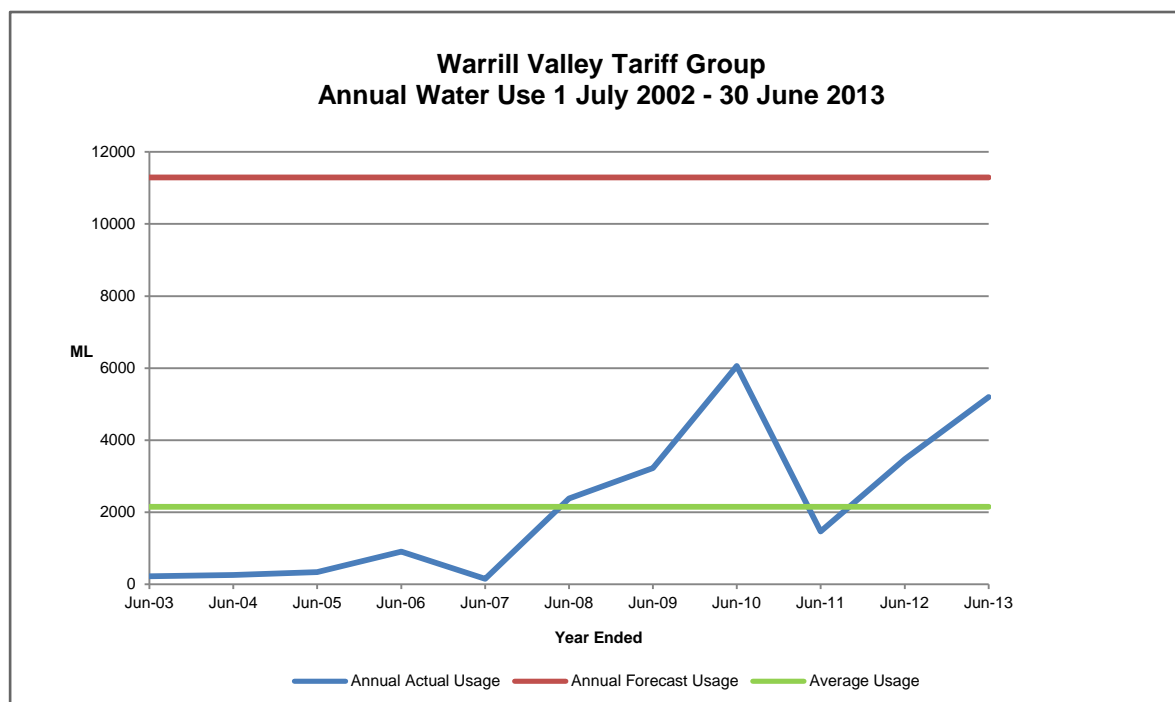
**Table 3:** Announced allocations history

| Priority | 2006-07 (%) | 2007-08 (%) | 2008-09 (%) | 2009-10 (%) | 2010-11 (%) | 2011-12 (%) | 2012-13 (%) | 2013-14 (%) |
|----------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| High A   | 100         | 100         | 51-100      | 100         | 100         | 100         | 100         | 100         |
| High B   | 20-70       | 15          | 0-100       | 100         | 100         | 100         | 100         | 100         |
| Medium   | 0           | 0           | 5-71        | 30-72       | 56-100      | 100         | 100         | 100         |

Source: Seqwater (2013)

The current irrigation price paths adopted a use forecast at 55% of the nominal WAE, equivalent to 11,272ML/annum or 2,818ML/quarter. The comparison of MP forecast usage to actual quarterly usage for the last 9 years is illustrated in the graph below.

**Figure 1:** Annual Scheme water usage for years ending 30 June 2003 to 30 June 2013



Source: Seqwater (2013)

## 2.5 Water trading

The following table sets out the annual volumes of temporary transfers between irrigation customers from 1 July 2008 to 30 June 2013.

**Table 4:** Temporary transfers 2008-13

| Priority | 2008-09 (ML) | 2009-10 (ML) | 2010-11 (ML) | 2011-12 (ML) | 2012-13 (ML) |
|----------|--------------|--------------|--------------|--------------|--------------|
| Medium   | 469.6        | 627.4        | 275          | 172          | 627.4        |

Source: Seqwater (2013)

## 2.6 Irrigation Customer Consultation

Seqwater is committed to consulting with its customers as required under its Statement of Obligations. Seqwater will publish the Scheme’s annual network service plan on its website by 30 September of each year. Seqwater will hold customer consultation forums at least annually to consult on the network service plan and customer service standards as well as other Scheme issues that may arise from time to time. Attendance at customer consultation forums will be open to all irrigation customers of the Scheme and other stakeholders. Seqwater will convene additional consultation meetings at the request of the majority of attending customers.

After consulting on the basis of the network service plan and through customer consultation forums, Seqwater will publish on its website any customer or stakeholder submissions along with Seqwater's responses and decisions.

## 2.7 Customer service standards

The current service standards were established in consultation with customer representatives in 2001 and were carried across to Seqwater from SunWater Limited.

As stated in 2.6 above, Seqwater intends to commence the review of the customer service standards in consultation with customers during 2013-14.

# 3. Financial Performance

## 3.1 Tariffs

The approved tariffs or water prices for the Scheme for the 2013-17 regulatory period are set out in Table 5.

**Table 5:** Warrill Valley water prices (Nominal \$/ML)

| Tariff            | 2013-14<br>(\$) | 2014-15<br>(\$) | 2015-16<br>(\$) | 2016-17<br>(\$) |
|-------------------|-----------------|-----------------|-----------------|-----------------|
| Fixed (Part A)    | 21.91           | 22.46           | 23.02           | 23.59           |
| Variable (Part B) | 7.31            | 7.5             | 7.68            | 7.88            |

Source: QCA Final Report, Seqwater Irrigation Price Review 2013-17 (April 2013)

## 3.2 Operating expenditure

Seqwater's forecast operating costs for the 2013-17 regulatory period are set out in the tables below. These costs include both fixed and variable operating costs.

**Table 6:** Forecast operating costs for 2013-17 (\$Nominal)

| Operating cost item          | 2013-14<br>(\$)  | 2014-15<br>(\$)  | 2015-16<br>(\$)  | 2016-17<br>(\$)  |
|------------------------------|------------------|------------------|------------------|------------------|
| Direct operations            | 574,967          | 584,719          | 594,505          | 604,344          |
| Repairs and maintenance      | 296,246          | 303,405          | 310,660          | 318,012          |
| Dam safety                   | 0                | 0                | 0                | 24,643           |
| Rates                        | 44,946           | 46,069           | 47,221           | 48,402           |
| Consultation costs           | 7,175            | 7,354            | 7,538            | 7,727            |
| Non-direct costs             | 503,881          | 511,500          | 519,124          | 526,748          |
| <b>Total operating costs</b> | <b>1,427,215</b> | <b>1,453,047</b> | <b>1,479,058</b> | <b>1,529,876</b> |

Source: QCA Final Report, Seqwater Irrigation Price Review 2013-17 (April 2013)

The following table sets out Seqwater’s detailed budget and actual expenditure for 2012-13 and the detailed budget for 2013-14. Explanations of material variations are set out below the table.

**Table 7:** Operating expenditure for 2012-13 and operating budget 2013-14 (\$Nominal)

| Expenditure Item                    | 2012-13          |                  | 2013-14          |
|-------------------------------------|------------------|------------------|------------------|
|                                     | Budget<br>(\$)   | Actual<br>(\$)   | Budget<br>(\$)   |
| <b>Direct operating costs</b>       |                  |                  |                  |
| Operations                          |                  |                  |                  |
| Labour                              | 354,542          | 353,194          | 327,016          |
| Contractors and materials           | 56,555           | 56,379           | 46,569           |
| Electricity                         | 10,156           | 6,056            | 11,679           |
| Other                               | 177,645          | 174,274          | 189,703          |
| Repairs and maintenance             |                  |                  |                  |
| Planned                             | 216,131          | 220,656          | 234,034          |
| Unplanned                           | 88,279           | - (1)            | 62,212           |
| Dam safety                          | -                | -                | -                |
| Rates                               | 43,850           | 42,292           | 44,946           |
| Consultation costs                  | -                | -                | 7,175            |
| <b>Total direct operating costs</b> | <b>947,158</b>   | <b>852,851</b>   | <b>923,334</b>   |
| <b>Non-direct operating costs</b>   |                  |                  |                  |
| Operations                          | 433,678          | 478,672 (2)      | 422,502          |
| Non-infrastructure                  | 44,506           | 44,506           | 43,036           |
| Insurance                           | 37,407           | 45,135 (3)       | 38,343           |
| <b>Total non-direct costs</b>       | <b>515,591</b>   | <b>568,313</b>   | <b>503,881</b>   |
| <b>Total operating costs</b>        | <b>1,462,749</b> | <b>1,475,070</b> | <b>1,427,215</b> |

Source: Seqwater (2013); QCA Final Report, Seqwater Irrigation Price Review 2013-17 (April 2013)

- (1) No unplanned maintenance, which is estimated on historical trends and is in addition to normal and planned maintenance, was incurred during the 2012-13 year.
- (2) Increased systems costs were incurred subsequent to the merger of Seqwater with LinkWater.
- (3) Insurance premium renewal costs were higher than anticipated.

## 3.3 Renewals

### 3.3.1 Asset Restoration Reserve

The balance of the renewal annuity funds are recorded in the Asset Restoration Reserve (ARR). Seqwater has summarized the ARR into four components being the opening balance, revenue, expenditure and closing balance. This has been reported in Table 8 below where the estimated ARR for the years 2013-14 to 2016-17 are set out.

**Table 8:** Warrill Valley WSS Asset Restoration Reserve (\$Nominal)

| Asset Restoration Reserve | 2013-14<br>(\$) | 2014-15<br>(\$) | 2015-16<br>(\$) | 2016-17<br>(\$) |
|---------------------------|-----------------|-----------------|-----------------|-----------------|
| Opening Balance 1 July    | -568,965        | -661,614        | -719,889        | -695,938        |
| Revenue – irrigation      | 66,179          | 66,961          | 67,401          | 67,652          |
| Revenue – other           | 96,807          | 101,142         | 102,025         | 100,652         |
| Expenditure for year      | -255,635        | -226,378        | -145,475        | -84,101         |
| Closing Balance 30 June   | -661,614        | -719,889        | -695,938        | -611,735        |

Source: Seqwater (2013); QCA Final Report, Seqwater Irrigation Price Review 2013-17 (April 2013)

### 3.3.2 Renewals expenditure

#### 3.3.2.1 Prior year renewals

The following renewals projects (>\$10,000) were undertaken in 2012-13 in the Scheme.

**Table 9:** Renewals projects 2012-13

| Asset                 | Project scope   | Budget<br>(\$'000) | Cost<br>(\$'000) |
|-----------------------|---|--------------------|------------------|
| Scheme fences         | Replace fencing   | 80                 | 77               |
| Moogerah Dam          | Re-gravel access roads                                    | 80                 | 52 (1)           |
| Water meters          | Replace water meters                                      | 128                | 47 (2)           |
| Moogerah Dam          | Replace valve house stairs                                | 12                 | 11               |
| Moogerah Dam          | New storage facility for baulks and screens               | 58                 | 35 (3)           |
| Moogerah Dam          | Upgrade safety handrail                                   | 15                 | 14               |
| Water Treatment Plant | Operational improvements design and clarifier replacement | 206                | 202              |
| Water Treatment Plant | SCADA implementation                                      | 46                 | 36 (4)           |

Source: Seqwater (2013)

(1) Work commenced in June 2013 and was not completed at 30 June 2013. The project has been carried over into 2013-14.

(2) Wet conditions during 2012-13 impeded the progress of this program of works. The unfinished portion has been carried over and forms part of the 2013-14 program.

(3) Work commenced in June 2013 and was not completed at 30 June 2013. The project has been carried over into 2013-14.

(4) This project was not completed by 30 June 2013 and has been carried over into 2013-14 for completion.

#### 3.3.2.2 Regulatory period renewals

Forecast significant (>\$10,000) renewals expenditure for the regulatory period (2013-17) is provided in table 10 below. All forecasts are nominal amounts assuming an average inflation rate of 2.5%.



**Table 10:** Renewals by project for 2013-17 (\$Nominal)

| Asset                        | Project scope                                | Year    | Forecast (\$'000) |
|------------------------------|--|---------|-------------------|
| Customer water meters        | Replace customer water meters                | 2013-17 | 448               |
| Moogerah Dam                 | Replace access ladders                       | 2013-14 | 89                |
| Moogerah Dam                 | Repair concrete wall                         | 2013-14 | 18                |
| Upper Warrill Diversion Weir | De-silt channel                              | 2014-15 | 19                |
| Upper Warrill Diversion Weir | Refurbish scour valves (2741m, 3103m, 3459m) | 2014-15 | 33                |
| Upper Warrill Diversion Weir | Refurbish scour valve at 122m                | 2014-15 | 11                |
| Upper Warrill Diversion Weir | Replace trash screens                        | 2015-16 | 17                |
| Upper Warrill Diversion Weir | Refurbish scour valve at 5072m               | 2015-16 | 11                |
| Upper Warrill Diversion Weir | Refurbish scour valves (6122m, 5860m)        | 2015-16 | 22                |
| Upper Warrill Diversion Weir | Refurbish scour valve at 6850m               | 2015-16 | 11                |
| Upper Warrill Diversion Weir | Refurbish scour valve at 9961m               | 2015-16 | 11                |

Source: Seqwater (2013)

### 3.3.2.3 Material planning period renewals

Material renewals projects expected to be undertaken in the outer years of the renewals planning time frame (2017-37) are set out in table 10 below. A material renewal project is defined as one which accounts for 10% or more in present value terms of the total forecast renewals expenditure for the 20 year planning period. The 10% threshold is \$132,000 with the base year being 2017-18. One renewal project exceeded the 10% threshold and appears in table 11 below. One project exceeded the threshold. Seqwater will consult with irrigators to establish whether there is a need for, and the nature of, any high level options analysis for this project.

**Table 11:** Material renewals projects 2017-36 (\$Nominal)

| Asset                 | Project scope                 | Year    | Forecast (\$'000) |
|-----------------------|-------------------------------|---------|-------------------|
| Customer water meters | Replace customer water meters | 2017-36 | 836               |

Source: Seqwater (2013)