

Meeting Minutes

Date: Tuesday 21 November 2017

Time: 2pm

Location: SunWater Office, Theodore

Attendees: John Kelly, SunWater Service Manager, Chinchilla
Daryl Conway, SunWater Service Manager, Biloela
Peter Tweed, SunWater Service Supervisor, Theodore
Steve Keyworth, SunWater Operator/Maintainer, Theodore
Peter French, IAC Chair
Trevor Brownlie, IAC Member
Peter Mahony, IAC Member
Greg Hutchinson, IAC Member
Robert Hoadley, IAC Member

Apologies: Harrod Andersen, IAC Member

Chair: Peter French

Minutes: John Kelly

Item No.	Item	HB Doc No.	Presenter
1.	Welcome and Introductions		Chair
2.	Apologies		Chair
3.	Review of Previous Minutes		Chair
4.	Business Arising from Previous Minutes		Chair
5.	Agenda Items		Chair
6.	Water Storage Update and CSG Water Update		Daryl C/John K
7.	LMA Update		Peter F
8.	R&E Update – Distribution		John K
9.	R&E Update - Bulk		Daryl C
10.	SunWater Customer Service Commitment		John K
11.	2017 Network Service Plan Performance Report - Bulk		Daryl C
12.	2017 Network Service Plan Performance Report- Distribution		John K
13.	General Business		All

Agenda Item 1 - Welcome and Introductions

The Chair opened the meeting at 2pm and welcomed the IAC members and thanked them for their time to attend the meeting.

Agenda Item 2 - Apologies

Harrod Andersen

Agenda Item 3 - Review of Previous Minutes

The minutes from the previous IAC meeting held on 18 May 2016 were reviewed and accepted.

Moved Trevor Brownlie, Seconded Peter French

Agenda Item 4 - Business Arising from Previous Minutes

1. Water Ordering

The IAC requested feedback on the status of water ordering compliance. SunWater advised the IAC that water ordering compliance was an ongoing issue with some customers.

2. Orange Creek Weir (OCW)

The IAC requested an update on OCW and the volume of useable water in the storage. SunWater advised that it was SunWater's preference to keep the useable volume in the weir as it is required to meet the AA as determined using the existing rules in the ROP. SunWater further advised that the water in OCW essentially offsets siltation that is known to have occurred in other storages on the river in particular Glebe Weir. SunWater advised that Glebe Weir's dead storage volume is approximately 1,000ML more than what is used in the AA calculations.

The IAC advised SunWater that its preference was to see the volume of water in OCW used in the initial AA determination at the start of the water year so it is in customer water budgets. SunWater advised against this for the above reasons as well as the 4th quarter rule in the ROP which requires SunWater to activate a restriction period on 1 July when the 4th quarter unused entitlement is more than 5% greater than the total available supply. SunWater also advised that there are high priority users in the ponded area of OCW who also need to be considered.

The IAC asked what the trigger was for SunWater to release water from OCW. SunWater advised that it can be more responsive to accessing water from OCW as releases from the storage are now allowed for in the ROP through a notification process to the regulator whereas previously special permission had to be sort from the regulator. SunWater advised that there are no set rules for when these releases are made but rather are determined on a case by case basis.

To further inform the discussion, SunWater advised the IAC that it would be undertaking siltation surveys of Glebe and Gyrenda Weirs to determine exactly what the dead storage volume is for these two storages and a better judgement can then be made on the most appropriate operating strategy for OCW.

Agenda Item 6 - Water Storage Update and CSG Water Update

SunWater provided a storage level update as at 21 Nov 2017 as follows:

Glebe – 8,671ML or 46%

Gyranda – 6,977ML or 42.3%

Theodore – 4,7369ML or 99.6%

MOSS – 1,529ML or 54.2%

Moura – 7,184ML or 93.3%

Neville Hewitt – 10,642ML or 94.2%

SunWater provided an update on the production and subsequent discharge of CSG water from the Woleebee Creek Pipeline into Glebe weir. SunWater advised the committee that the current QGC production forecast for the month of November is 38ML/d. There is an irrigation customer on the pipeline who has the capacity to take up to 10 ML/d which reduces the volume that will reach Glebe Weir. QGC have provided SunWater with their forecast for the next 2 years which anticipates production will remain at 38ML/d through to March 2018 but then reduces back down to approximately 25ML/d in April and May 2018 and then is forecast to further reduce to 18ML/d for the remainder of the current forecast period which is October 2019.

Any CSG water that does flow into Glebe weir is considered as an inflow when determining the announced allocation, however flows have been so small to date their impact is likely to be minimal.

Agenda Item 7 - LMA Update

Peter French, in his capacity as Deputy Chair of Theodore Water, provided the IAC with an update on LMA as follows:

- Theodore Water are working on the offer document (prospectus) which will include pros and cons and questions and answers on the proposed transition of the distribution scheme from SunWater to Theodore Water.
- Finalisation of the document has been delayed due to the state election.
- The transfer agreement is also being developed, should everything proceed.
- The target date for transition is 1 July 2018.
- The offer document will be sent to all customers in late January/early February 2018. Customers will have 8 weeks to consider the offer. To proceed, 70% of the eligible ML's and 50% of the customers must support the transition.

Agenda Item 8 - R&E Update – Distribution

SunWater advised that the only R&E projects for 2017-18 are the replacement of the bulk flowmeters at Theodore and Gibber Gonyah Pump Stations and new flowmeters at the Fork Farmers Pump Station. These projects are to ensure reliable and accurate bulk water metering prior to LMA transition. All projects are well advanced with installation expected in May/June 2018.

Agenda Item 9 - R&E Update – Bulk

SunWater advised that the majority of R&E projects in 2017-18 are O&M manual updates and some options studies with little real on-ground works required at any assets. Meter upgrades along the river will be the biggest challenge in coming years

Agenda Item 10 - SunWater Customer Service Commitment

SunWater provided the IAC with a copy of its draft Customer Service Commitment for review, comment and feedback. The Customer Service Commitment is a result of SunWater recognising that as a business, it needs to be more customer focused. The IAC were supportive of the document.

Agenda Item 11 - 2017 Network Service Plan Performance Report – Bulk

The 2017 Network Service Plan Annual Performance Report for the bulk system was tabled and discussed. SunWater stepped through the document with explanations provided around the schemes revenue and expenditure items.

The IAC queried the profit from the scheme and what happens to it. SunWater advised that the profit from the scheme and all schemes contribute to SunWater's overall profit which is returned to SunWater's shareholders (Queensland Government). The IAC queried how do they get the profit that their scheme makes, re-invested back into their scheme instead of returning to government as part of SunWater's dividend. SunWater advised that the government has in the past re-invested SunWater's dividend back into the schemes and it was government's decision at the end of the day whether to re-invest the dividend back into the schemes.

The IAC queried the water usage figures in Table 2 and in particular are the usage figures to the end of June or the end of the DVWSS water year i.e. 30 September. SunWater resolved to confirm the period of water usage reported and revert back to the IAC.

Post meeting note: SunWater confirms that the water usage figures are to the end of the DVWSS water year i.e. 1 Oct – 30 Sept

The IAC queried the insurance costs in Table 4 and noted that they are double the QCA target. SunWater advised that the QCA targets for the 5 years of the price path were set back in 2011 and insurance costs across all sectors had increased markedly and it would have been difficult for QCA to anticipate such increases in 2011.

The IAC queried why the annuity contribution in table 6 for the period 2013-2016 was negative but was positive in 2017. SunWater resolved to confirm the annuity contribution figures and revert back to the IAC.

Post meeting note: SunWater confirms that the annuity income is determined by the QCA at the beginning of the price path. In this case, the QCA established that the opening balance in FY2012 was too high considering the expenditure allowed in future years. This meant that the contribution of prices to annuity in QCA's calculations was designed to reduce the balance. Hence the negative amounts. As time progressed and the balance was deemed more appropriate based on allowed planned expenditure, income again became positive.

Agenda Item 12 - 2017 Network Service Plan Performance Report- Distribution

The 2017 Network Service Plan Annual Performance Report for the distribution system was tabled and discussed. SunWater stepped through the document with explanations provided around the schemes revenue and expenditure items.

The IAC queried how the insurance proceeds in 2015 were distributed between bulk and distribution assets. SunWater resolved to confirm how insurance proceeds were distributed and revert back to the IAC.

Post meeting note: SunWater confirms that insurance proceeds are distributed based on the actual project costs for which the insurance was claimed.

Agenda Item 13 - General Business

1. Updated water usage information

The IAC requested that scheme water usage should be provided on SunWater's website for customers to access. Currently, usage is supplied if the AA is updated but if the AA is not increased the scheme usage is not provided.

Further to general scheme water usage the IAC requested that usage by individual channel customers be provided to individuals as this information is collected by the local water officers every time water is taken through a meter.

SunWater advised it would raise the issue of water usage information availability with Customer Services.

2. Copper sulphate licence for Theodore Water

Peter French queried what was involved in getting a copper sulphate licence as Theodore Water will require one should LMA transition proceed. SunWater advised to direct the question to SunWater's LMA Project Manager, Geoff Holm.

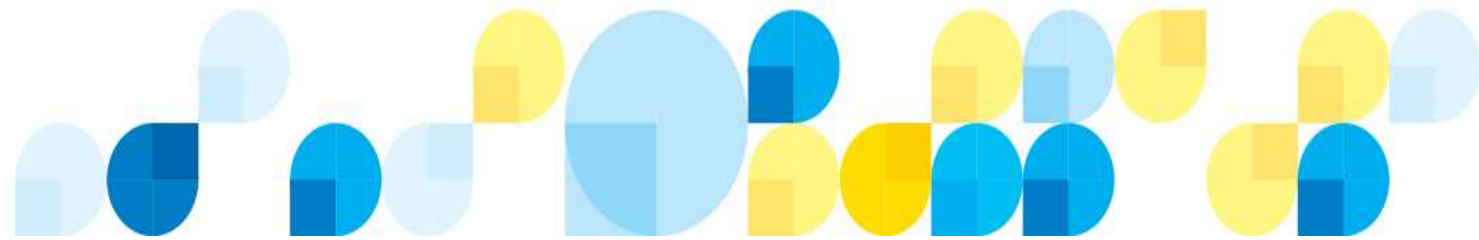
3. Leaking head ditches

SunWater advised the IAC that a number of customers have head ditches that are leaking which in turn ends up flooding the customers access so they use SunWater's channel banks to access around their farms. SunWater advised the IAC that access to the channel banks requires a third party access agreement with SunWater and customers should not be accessing the channel banks unless authorised to do so. Sunwater advised of a recent incident up north in which a customer's contractor was accessing SunWater's channel bank when he rolled a fuel container into the channel.

SunWater also advised the IAC that some of the drain banks were depleted and this causes wash into the drain and subsequent silting of the drains. Customers need to ensure that when profiling their paddocks they do not interfere with the drain banks and at all times the drain banks must slope back towards the paddock.

ADDENDUM – QCA Irrigation Price Review

As an addendum to the meeting minutes SunWater has attached a presentation on the QCA Irrigation Price Review. This presentation was to be presented by SunWater's Pricing Manager, Lisa Welsh, however Lisa had not commenced with SunWater at the time of the IAC meeting. The presentation provides some preliminary detail on the process that will be undertaken in establishing the new irrigation water price path and was emailed to the IAC on 7 December 2017.

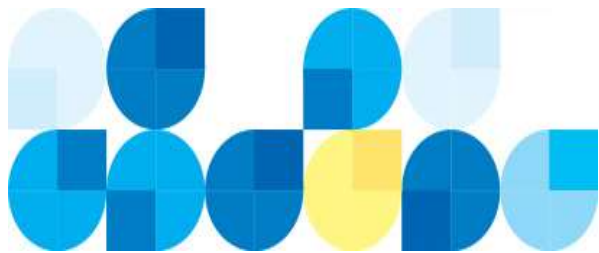


QCA Irrigation Price Review

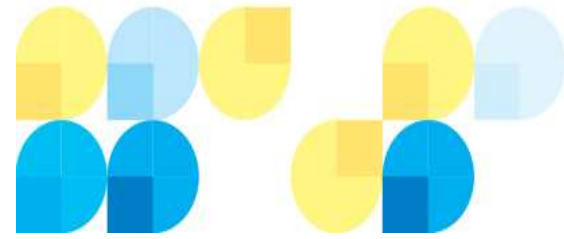
IAC Presentation

November – December 2017

Lisa Welsh, Water Pricing Manager

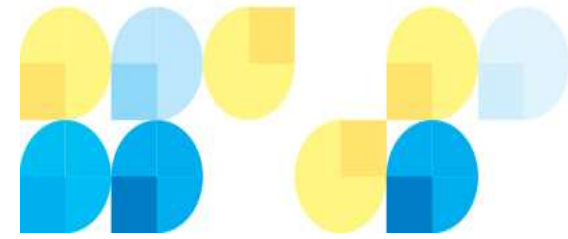


Overview



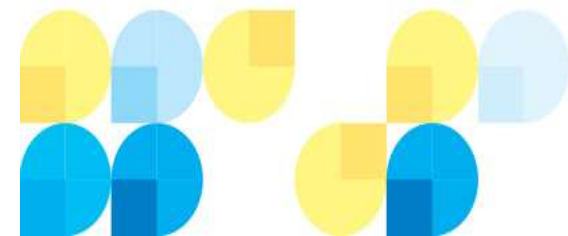
- Key messages from the Customer Survey
- Corporate Goals and Objectives for the Price Review
- QCA Process
- Customer Consultation Process
- Questions

Key messages from the Survey: What do customers want?



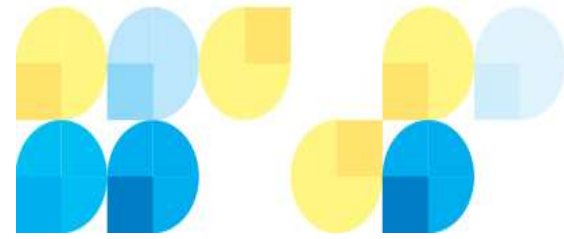
Efficient Costs	Improved Network Service Plans
<ul style="list-style-type: none">• Better value for money• More cost effective services• Customers want don't want to pay more for better services	<ul style="list-style-type: none">• Need to help customers understand costs better• Information on renewals is helpful but could be improved• NSPs have increased cost transparency but more can be done

Corporate Goals and SunWater's Objectives for the Price Review



Corporate Goal	Objective
Supportive stakeholders	<ul style="list-style-type: none">• Enhance customer relationships by working with the IACs and the CRG to provide transparency of costs• Customer involvement supported by clearly articulated, robust SunWater submissions including revised NSPs
Commercially focused operations	<ul style="list-style-type: none">• Identification of cost efficiency targets• Recovery of efficient costs
A sustainable business	<ul style="list-style-type: none">• Lower-bound cost recovery for all schemes with no shortfall (including CSO payments)• A light-handed regulatory approach

QCA Process



The Treasurer issues the QCA with a referral notice to conduct a price investigation

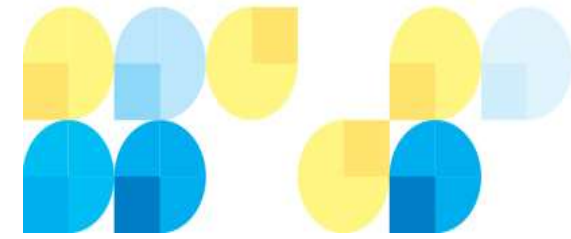
QCA issues a public notice of investigation seeking stakeholder submissions.

QCA reviews SunWater's costs, considers issues raised by stakeholders and conducts public hearings

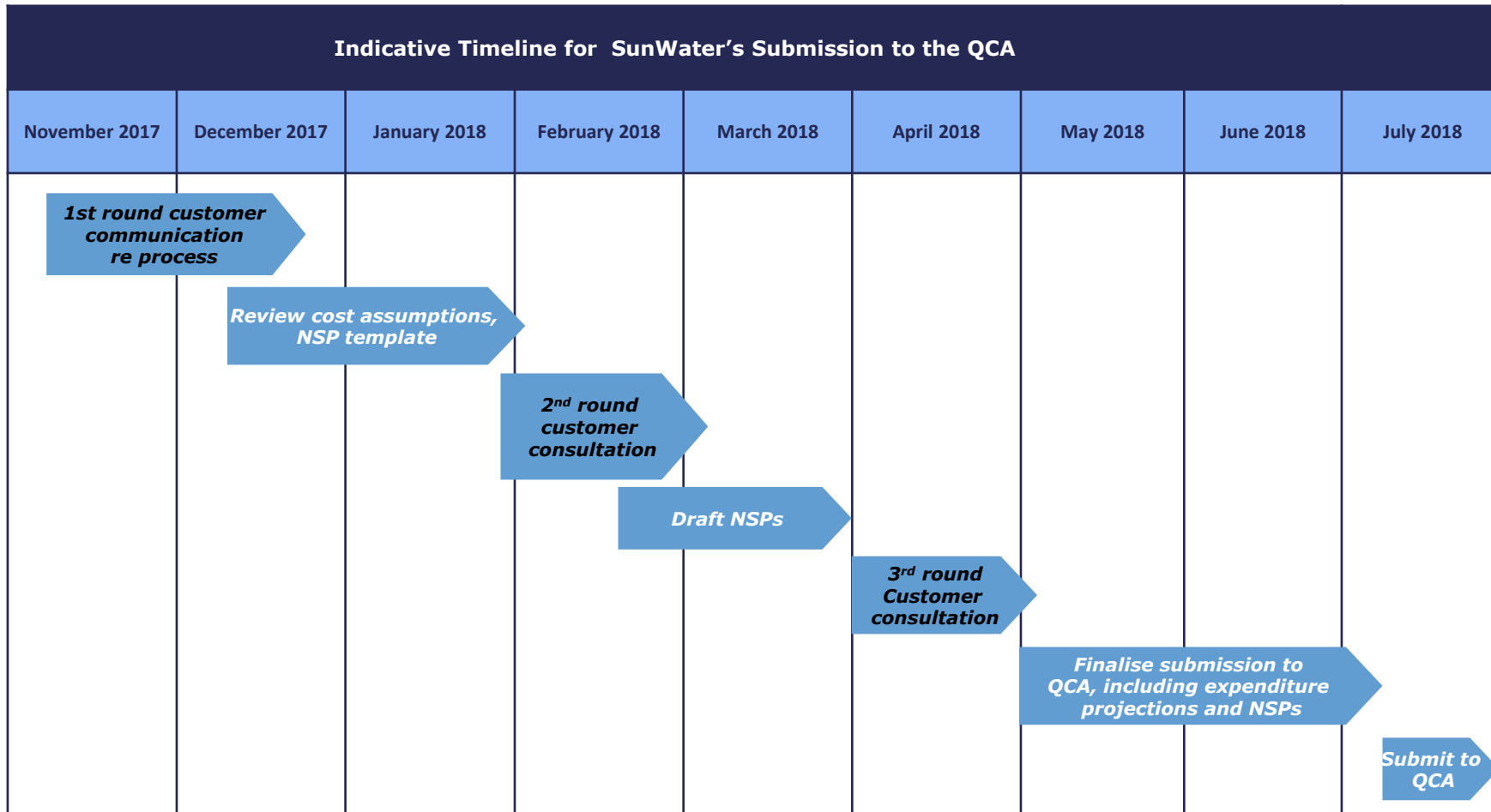
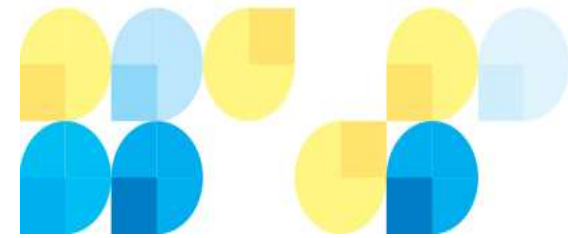
QCA releases a draft report for stakeholder comment, followed by a final report recommending prices to Government

The Government issues a Rural Water Price Direction

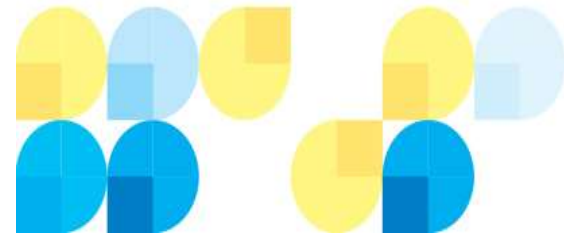
Customer Consultation Process



- A two step process with 3 phases: CRG to provide high level strategic input relevant to all customers and IACs to provide scheme-specific input
- Phase 1 (in progress): communication regarding process, timeframes, preliminary feedback on customer information needs
- Phase 2: Network Service Plan Template, draft infographics, cost drivers
- Phase 3: Overview of expenditure (CRG), draft Network Service Plans (IACs)

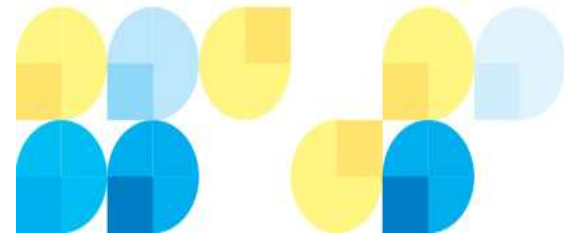


Network Service Plans



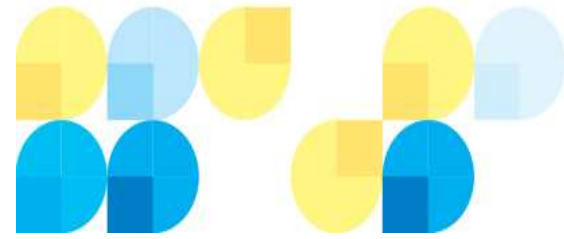
- Network Service Plans (NSPs) are the primary tool that SunWater uses to explain costs to customers.
- There is an opportunity to build on these Plans to provide better and more transparent information to customer eg:
 - Include 5 yearly expenditure projections to align with the QCA price reset period
 - more clearly articulate the purpose of the NSPs
 - Provide detail on corporate overheads
 - Articulate the link between costs and the asset management framework?

Network Service Plans



- What information do customers want to see in the Network Service Plans?
- How do customers want to engage on the longer term planning horizon for the schemes ie beyond 5 years?

Infographics



- SunWater will be developing infographics to support its submission and customer engagement.
- What are the key concepts the customers would like to understand more clearly? eg how prices are set, revenue building blocks, how costs are allocated?

Sample Infographics

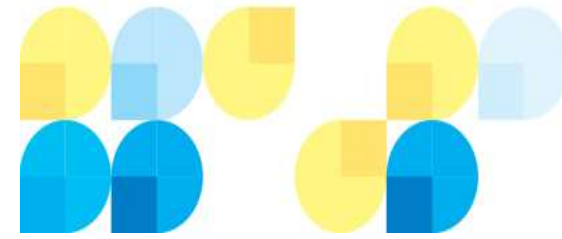
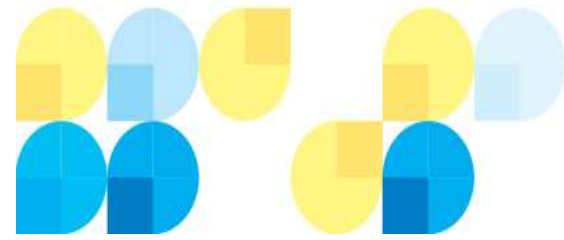


Figure 5.1: Notional revenue requirement per customer in water security mode— proposed for 2017-22 regulatory period compared with approved for 2012-17 regulatory period (\$2016-17)



Source: SDP



Questions or feedback?

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