



# **Callide Valley Water Supply Scheme**

Scheme Summary

Monday 23 October 2023

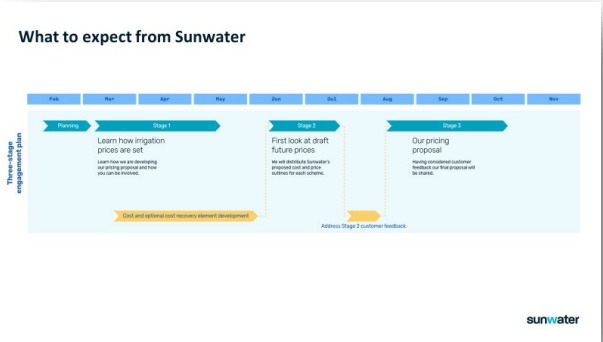
# First Nations Commitment Statement

Sunwater acknowledges Aboriginal and Torres Strait Islander peoples as the first peoples of this country and Traditional Owners and Custodians of the land and water we rely on. We respect and value their continued sacred connection to Country, including the diverse, rich traditions, languages and customs that are the longest living in the world. We acknowledge their resilience in the face of significant and ongoing historical, cultural and political change within Australia. We recognise and value the importance of truth-telling today, and our role to listen and learn. Our vision for reconciliation is that we are a nation of unity and fairness for all; a nation that owns its history and acknowledges its First Nations peoples, their strength and their living culture.

Our goal is to work together to realise mutual benefits with First Nations peoples through authentic relationships and respect for cultural value; fostering a sense of belonging and pride in our people, community, customers and stakeholders. We can learn so much from Traditional Custodians who have cared for Country for thousands of years in the way we sustainably manage water and land. Going beyond compliance and embedding reconciliation into core business practices and decision making brings to life our purpose of Delivering Water for Prosperity through Valuing People, Working Together and Taking Responsibility.

This commitment has been endorsed by our Board and Executive Leadership team and reflects what our people, communities, and Shareholders expect of us. Aligned with our Code of Conduct, which describes how we work together no matter our role or where we are located, this commitment statement will be enabled through an Aboriginal and Torres Strait Islander recognition, engagement and participation strategy.

# Agenda for today

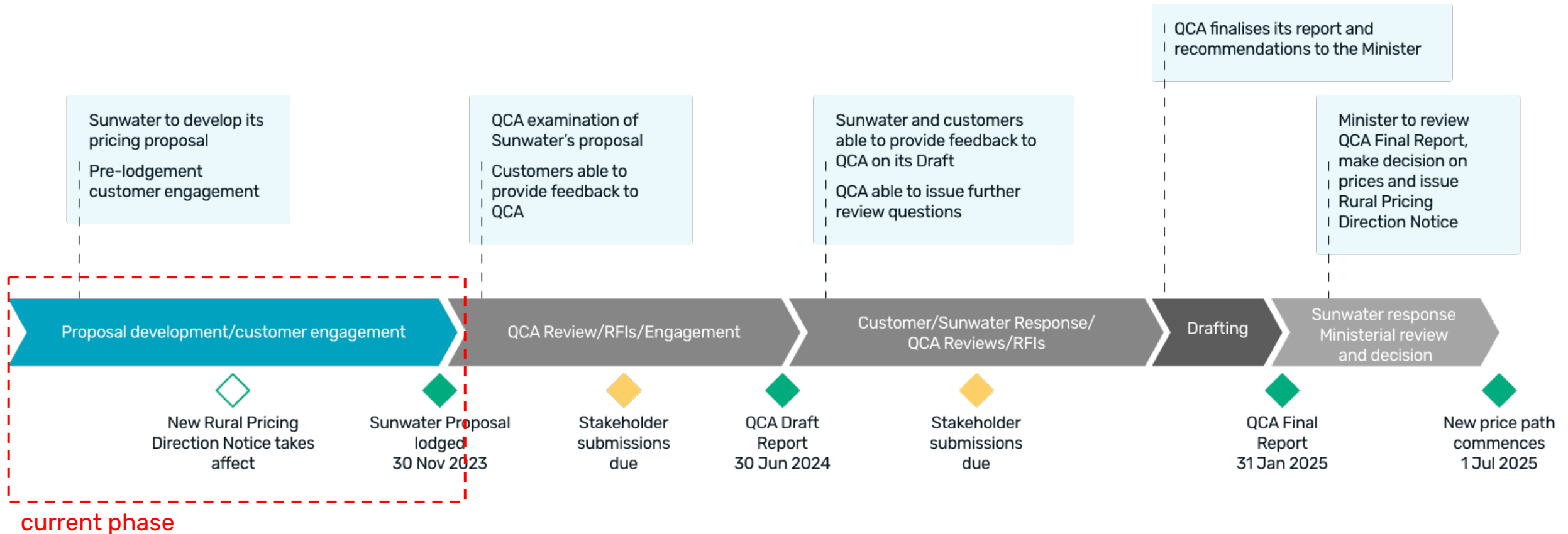


We told you we would deliver 3 stages of engagement

This is Stage 3 and today will go over:

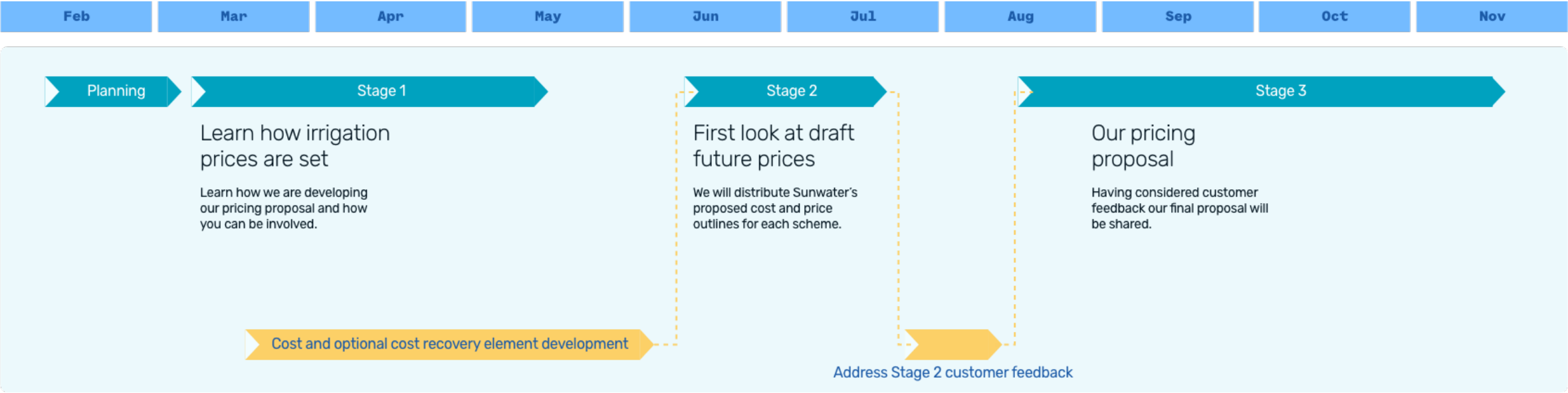
Process	How we got to this point, where to next
Opex	Review outcomes, final forecast
Renewals	
Feedback	What customers have told us, how we have responded
Proposal	Sunwater's final proposal
Prices	Cost reflective and recommended

# Recap – Timeline to 1 July 2025



# Customer engagement

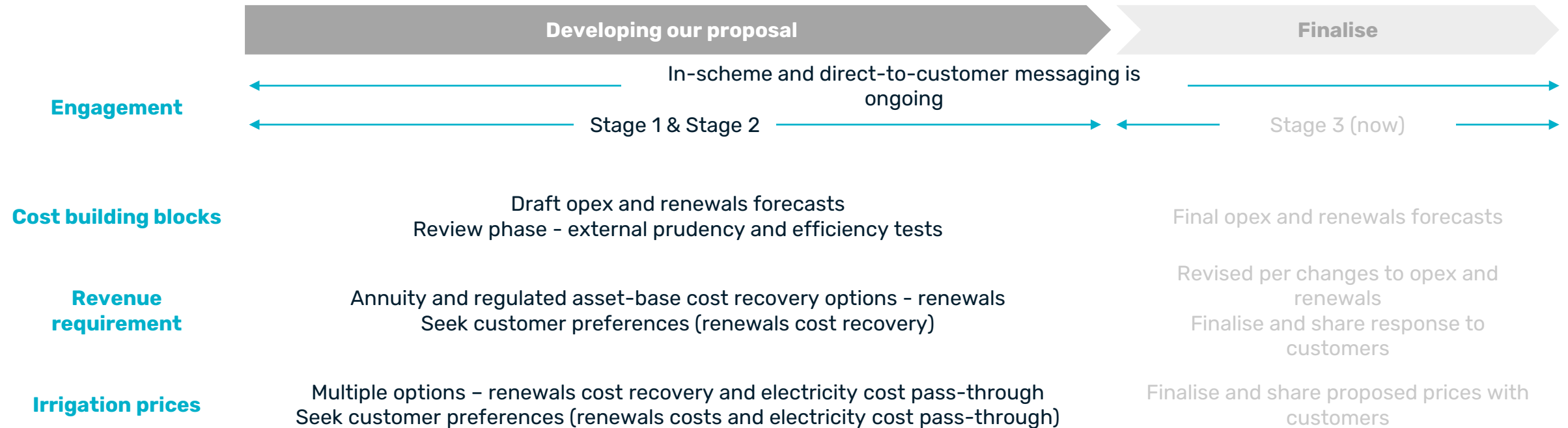
Three-stage engagement plan



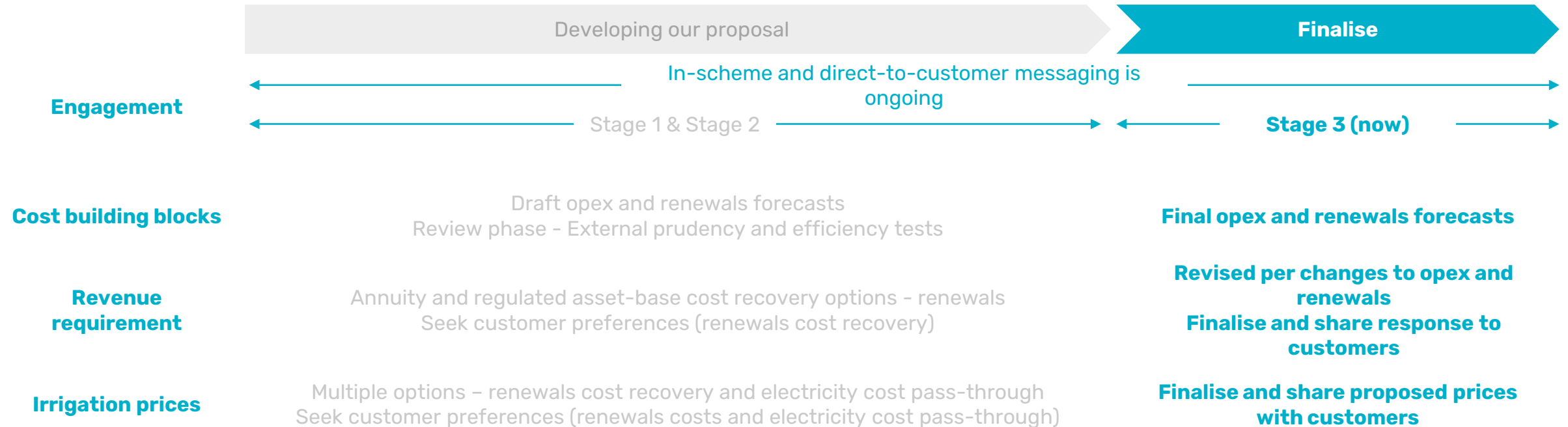
Customer feedback

What customers requested:	What we did:
<ul style="list-style-type: none"><li>more detailed information on scheme-specific costs including specific details on renewals expenditure</li></ul>	<div>✓</div> <div>Our Stage 3 engagement materials include details on scheme specific opex costs and renewals projects</div>

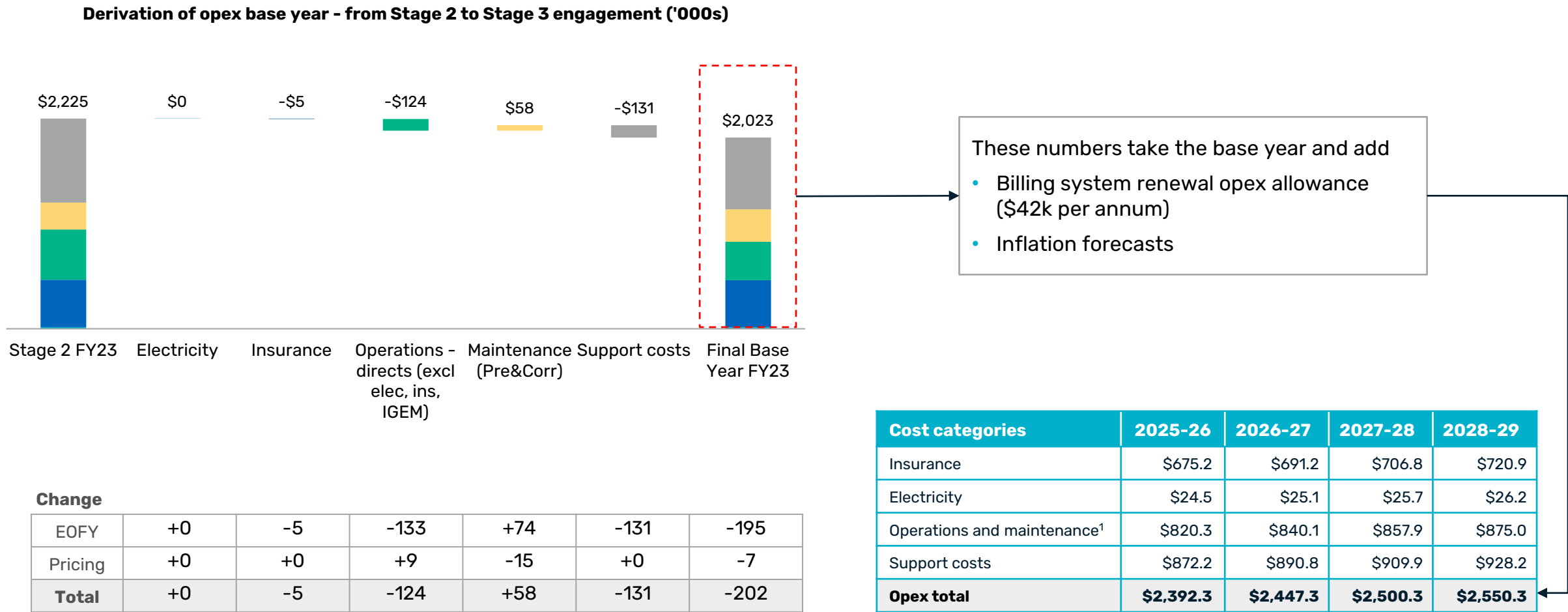
# Our customers have helped shape our proposal



# Our customers have helped shape our proposal – now it's ready to finalise

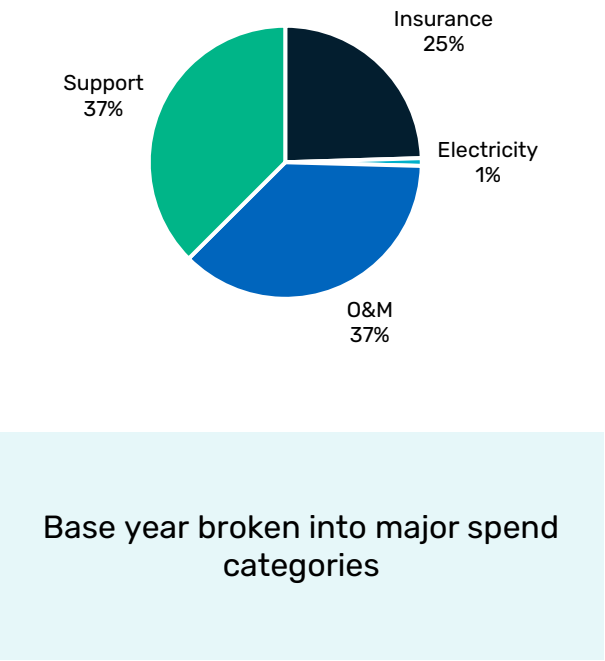
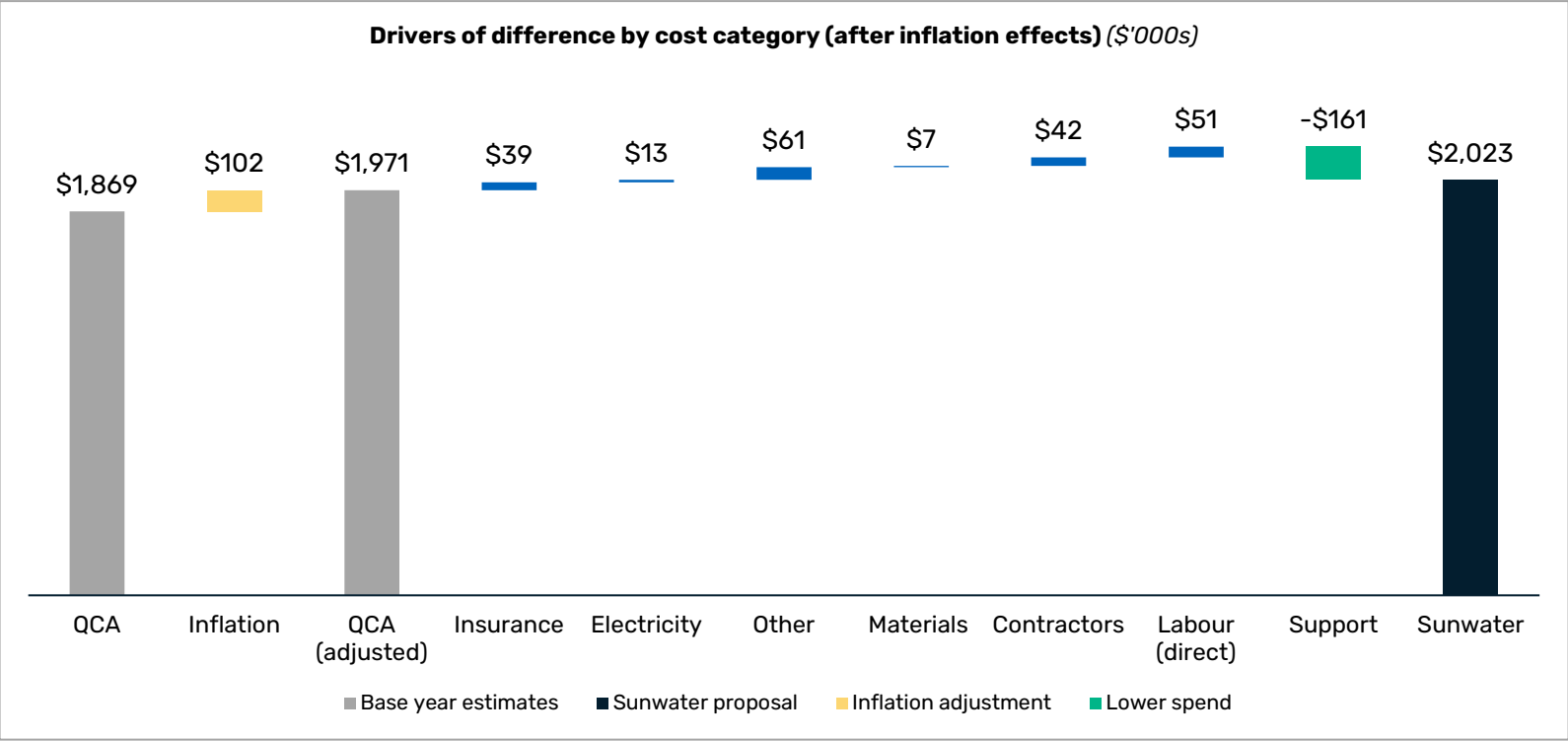


# Opex base-year and how it changed from Stage 2





# Base year comparison with QCA



# Renewals expenditure - Current pricing period

## Current pricing period expenditure and renewals roll-forward (\$'000s)

	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
	Actual	Actual	Actual	Actual	Actual	Forecast	Forecast
			<i>Current price path period</i>				
Opening balance		-\$7,361.6	-\$8,359.9	-\$10,245.4	-\$19,230.0	-\$22,565.4	-\$23,621.6
Expenditure		-\$1,086.1	-\$2,865.8	-\$9,888.3	-\$3,876.7	-\$2,052.4	-\$2,162.6
Insurance proceeds							
Annuity contribution		\$409.7	\$1,345.9	\$1,351.6	\$1,382.0	\$1,982.8	\$2,027.2
Interest		-\$321.9	-\$365.5	-\$448.0	-\$840.8	-\$986.6	-\$1,032.8
<b>Closing balance<sup>1</sup></b>	<b>-\$7,361.6</b>	<b>-\$8,359.9</b>	<b>-\$10,245.4</b>	<b>-\$19,230.0</b>	<b>-\$22,565.4</b>	<b>-\$23,621.6</b>	<b>-\$24,789.8</b>

Aggregate  
spend

-\$21,932

1. Sunwater expects to have delivered \$21.9M in renewals activities for the 2019-20 to 2024-25 period.
2. The QCA allowance for the same period was \$4.7M. Revenue Model issued by QCA with its Final Model (January 2020).
3. Closing balance becomes opening RAB balance and is \$24.8M.

## Significant projects (by value) delivered in this period (\$'000s)

Project name	Year	Value
Callide Dam - Radial Gate Investigation Stage 1	2021-23	\$14,758
23CV05-Study Risk Reduction Kroombit	2023-26 <sup>a</sup>	\$660.1
21CVA10-Study - CRA Inputs - Kroombit	2020-23	\$576.9

# Renewals expenditure – Forecast (for all water supply schemes)

Internal and external prudence and efficiency review

Recommended cost and timing adjustments

Identified new programs

Program	Adjustment to timing (years)	Percentage adjustment to costs
Switchboard and Control Renewal	1	13.8%
Meters	0	-1.3%
Instrumentation	0	-0.6%
Valve Renewal and Replacement	5	-7.3%
Dam-Related Works	0	-2.8%
Safety and Security Assets	0	-22.3%
Pump & Motor	0	-3.8%
Gates	6	-15.2%
SCADA	0	-38.0%
Pipeline Refurbishment / Replacement	15	-7.3%
Channel re-lining and re-shaping	0	2.0%
Civil and Roads (inlet / outlet towers)	1	-2.3%
Mechanical / Minor Works	0	0
Individual Projects	2	-6.1%

# Renewals expenditure – Forecast (for all water supply schemes)

Internal and external prudency and efficiency review

Recommended cost  
and timing  
adjustments

Identified new programs



Most significant additions  
for your scheme shown on  
next slide

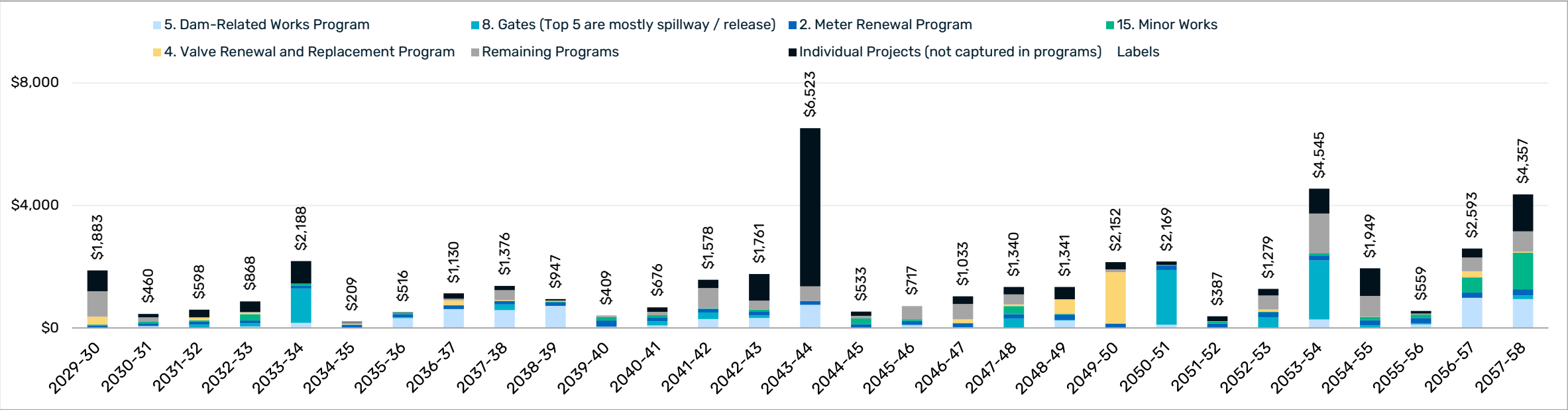
Program	Scope	Range	Recommended
Dam instrumentation	<ul style="list-style-type: none"> <li>Inconsistencies / gaps in monitoring and management of safety instrumentation across dam sites</li> <li>A risk-based approach for the management and monitoring of instrumentation, to provide early warning of the development of trends and behaviours</li> <li>Program of works covering the FY21 to FY28 period</li> </ul>	Low = \$8M High = \$35M	<b>\$18M</b> covering project definition, business case development for recommended site improvements, and construction activities associated with 10 most critical sites
Arc Flash	<ul style="list-style-type: none"> <li>Staff entering and operating facilities with switchboards are exposed to arcflash risks</li> <li>Possibility to cause serious long-term harm or death</li> <li>Review of all relevant Sunwater sites – identified 109 sites for investment to mitigate risk</li> </ul>	Low = \$4.3M High = \$50.5M	<b>\$11M</b> covering triage and installation of upstream protection devices and Arc Flash detection relays
Smart Meters	<ul style="list-style-type: none"> <li>Improved ability to manage water, compliance and safety risks via deployment of smart meters</li> </ul>	Low = \$2.1M High = \$8.4M	<b>\$4.2M</b> applying meters to gauging stations and 80% of volume in priority schemes
Dam Safety Management	<ul style="list-style-type: none"> <li>Risk management planning and ALARP activities require a range of activities including investigative studies – compliance driven</li> </ul>	Low = \$0M High = \$18.4M	<b>\$8.3M</b> covering required studies for priority dams considered to have a low likelihood of capital intervention

# Renewals expenditure – Forecast for Callide Valley (four years RAB-aligned)

Category	2025-26	2026-27	2027-28	2028-29	Aggregate	Percentage
★ 18. Dam Instrumentation Program	\$2,419.1	\$2,497.2	\$0.0	\$0.0	<b>\$4,916.3</b>	53%
★ 20. Dam Safety Management Program	\$681.2	\$582.7	\$0.0	\$0.0	<b>\$1,263.9</b>	14%
1. Switchboard and Control Renewal Program	\$0.0	\$37.3	\$120.5	\$473.5	<b>\$631.2</b>	7%
5. Dam-Related Works Program	\$422.7	\$0.0	\$0.0	\$152.0	<b>\$574.7</b>	6%
★ 17. Arc Flash Program	\$216.3	\$134.0	\$0.0	\$0.0	<b>\$350.2</b>	4%
Remaining programs	\$206.0	\$270.3	\$159.9	\$169.7	<b>\$805.9</b>	9%
<b>Sub-total – programs</b>	<b>\$3,945.3</b>	<b>\$3,521.4</b>	<b>\$280.4</b>	<b>\$795.1</b>	<b>\$8,542.2</b>	91%
Projects not captured in programs	\$0.0	\$25.5	\$437.1	\$333.1	<b>\$795.8</b>	9%
<b>Total</b>	<b>\$3,945.3</b>	<b>\$3,547.0</b>	<b>\$717.5</b>	<b>\$1,128.2</b>	<b>\$9,338.0</b>	<b>100%</b>
<i>Capex</i>	\$3,516.4	\$3,378.1	\$251.9	\$188.5	<b>\$7,334.9</b>	79%
<i>Renewals opex</i>	\$428.8	\$168.9	\$465.6	\$939.7	<b>\$2,003.1</b>	21%

Our review process has lifted the 4-year forecast from \$5.8M to \$9.3M (↑\$3.5M)

# Renewals expenditure - Forecast (rest of the annuity period - out to 2057-58)



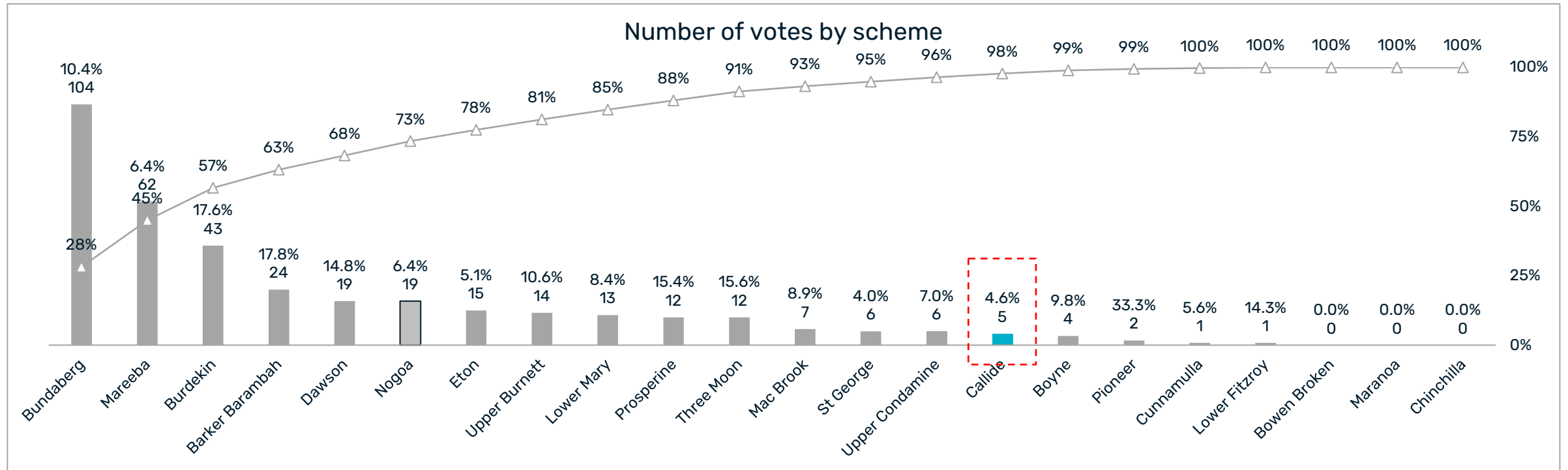
Project name	Commencement year	Value	Percentage total
Replace Meter - Meter Outlets - Callide Regulated	2025	\$3,677	8%
Refurbish Radial Gate No 1 (Complete) - Callide Dam - Spillway	2034	\$3,049	7%
Refurbish Left Abutment - Kroombit Dam - Abutments	2044	\$1,971	4%
Refurbish Structure - Callide Dam - Spillway	2041	\$1,924	4%
Study: Comprehensive Risk Assessment Comprehensive Dam Safety Inspection - Callide Dam	2037	\$1,857	4%
Other	Varies	\$33,598	73%
Total		\$46,075	100%

Projects shown in this table may include multiple instances of a planned corrective maintenance activity due to occur at intervals throughout the 2029-30 to 2057-58 period

Our review process has *lowered* the aggregate forecast for the 2029-30 to 2057-58 period from \$108M to \$46M (↓\$62M)

# What customers told us – feedback process

- 4.6 per cent scheme response rate



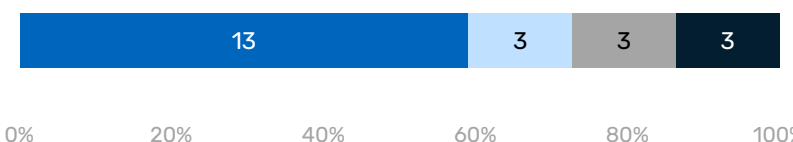
# What customers told us – RAB Proposal

- Put forward as a change to all water supply schemes
- Sunwater has included a shift to a RAB as part of its submission
- GoVote results show broad customer support

## Sentiment by scheme

■ Simple majority for ■ More for than against ■ no responses ■ Simple majority against

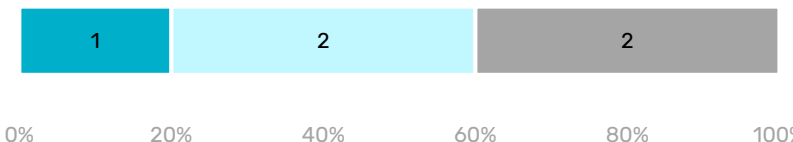
There is benefit in shifting to a RAB based method of renewals cost recovery



## Callide Valley response

■ Strongly Agree ■ Agree ■ Neutral ■ Disagree ■ Strongly Disagree

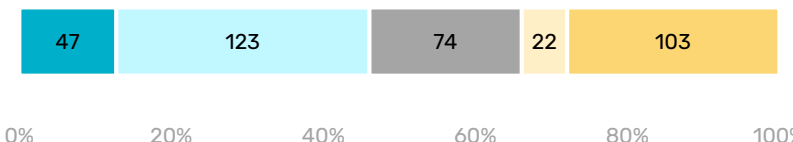
There is benefit in shifting to a RAB based method of renewals cost recovery



## All responses

■ Strongly Agree ■ Agree ■ Neutral ■ Disagree ■ Strongly Disagree

There is benefit in shifting to a RAB based method of renewals cost recovery

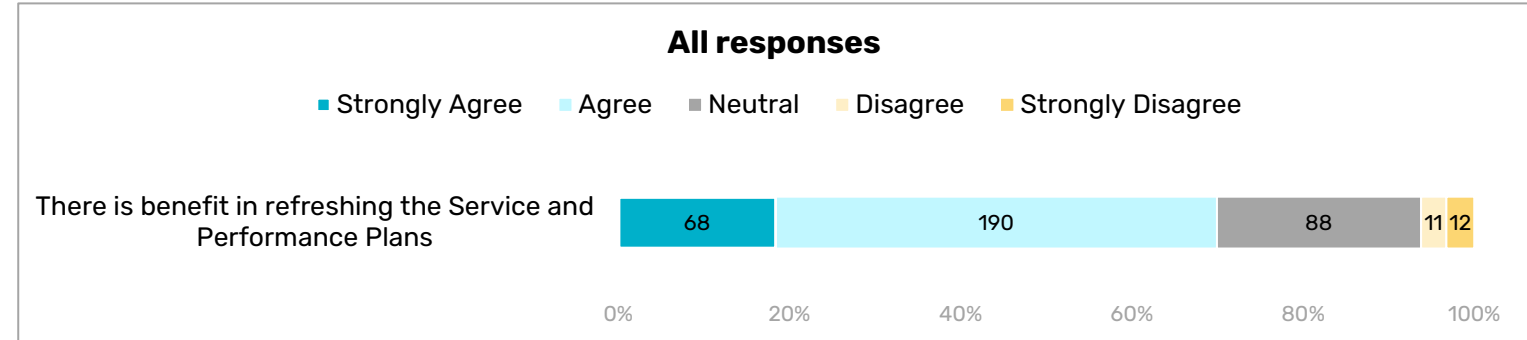




# What customers told us – Other proposals

## Service and Performance Plans (S&PPs)

- Clear customer support for a refresh of the S&PPs
- Working on publishing 2022-23 actuals in December 2023
- Welcome feedback on content



# Sunwater's proposal for Callide Valley

Total 4-year scheme-level revenue requirement of \$19.9M

Prices that reflect a RAB methodology

Refreshed S&PPs

Forecast revenue requirement (inclusive of revenue adjustments) (\$'000s)

Numbers may not add due to rounding

Building block	2025-26	2026-27	2027-28	2028-29	Aggregate	Percentage
Price path related expenditure						
Opex	\$2,392.3	\$2,447.3	\$2,500.3	\$2,550.3	\$9,890.1	49.7%
Renewals opex	\$428.8	\$168.9	\$465.6	\$939.7	\$2,003.1	10.1%
Capital returns	\$1,389.0	\$1,808.2	\$2,053.7	\$2,096.4	\$7,347.3	36.9%
Tax allowance	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	0.0%
<b>Sub-total</b>	<b>\$4,210.2</b>	<b>\$4,424.4</b>	<b>\$5,019.5</b>	<b>\$5,586.4</b>	<b>\$19,240.5</b>	<b>96.6%</b>
Revenue adjustments						
Revenue offsets	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	0.0%
Insurance review	\$153.6	\$158.0	\$162.4	\$166.4	\$640.5	3.2%
QCA Fee <sup>1</sup>	\$7.7	\$7.9	\$8.1	\$8.3	\$31.9	0.2%
<b>Sub-total</b>	<b>\$161.3</b>	<b>\$165.9</b>	<b>\$170.5</b>	<b>\$174.7</b>	<b>\$672.4</b>	<b>3.4%</b>
<b>Total</b>	<b>\$4,371.5</b>	<b>\$4,590.3</b>	<b>\$5,190.0</b>	<b>\$5,761.1</b>	<b>\$19,912.9</b>	<b>100.0%</b>

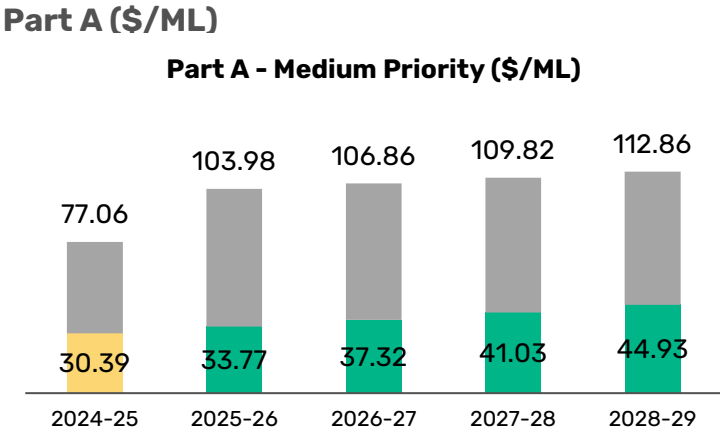
# Callide Valley Prices

Callide Valley

(incorporating Callide and Kroombit Creek and Benefited Groundwater Area tariff groups)

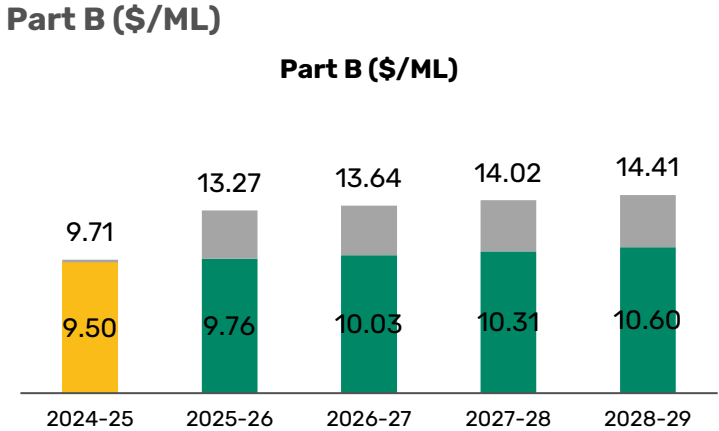
PO Change

-2.9%

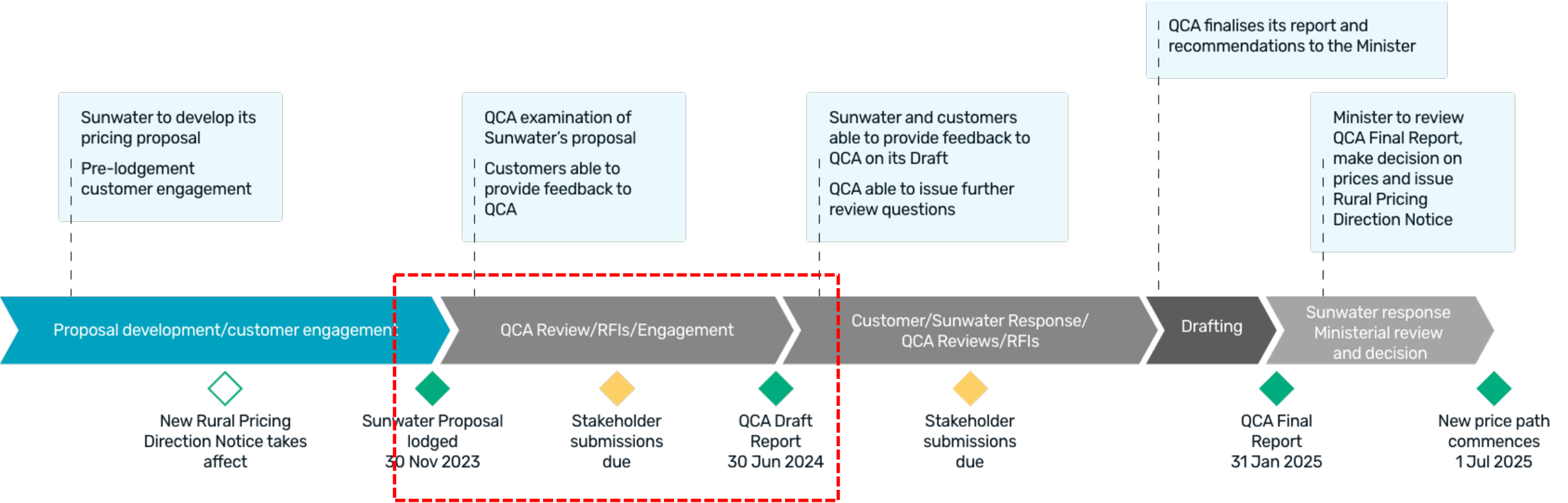


PO Change

-13.1%



# Recap and next steps



You will also have the opportunity to provide comment / feedback to QCA

**Delivering water** for prosperity