



Proserpine River Water Supply Scheme

Scheme Summary

Thursday 26 October 2023

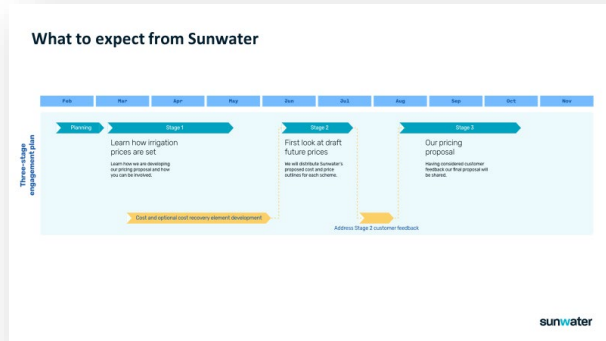
First Nations Commitment Statement

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

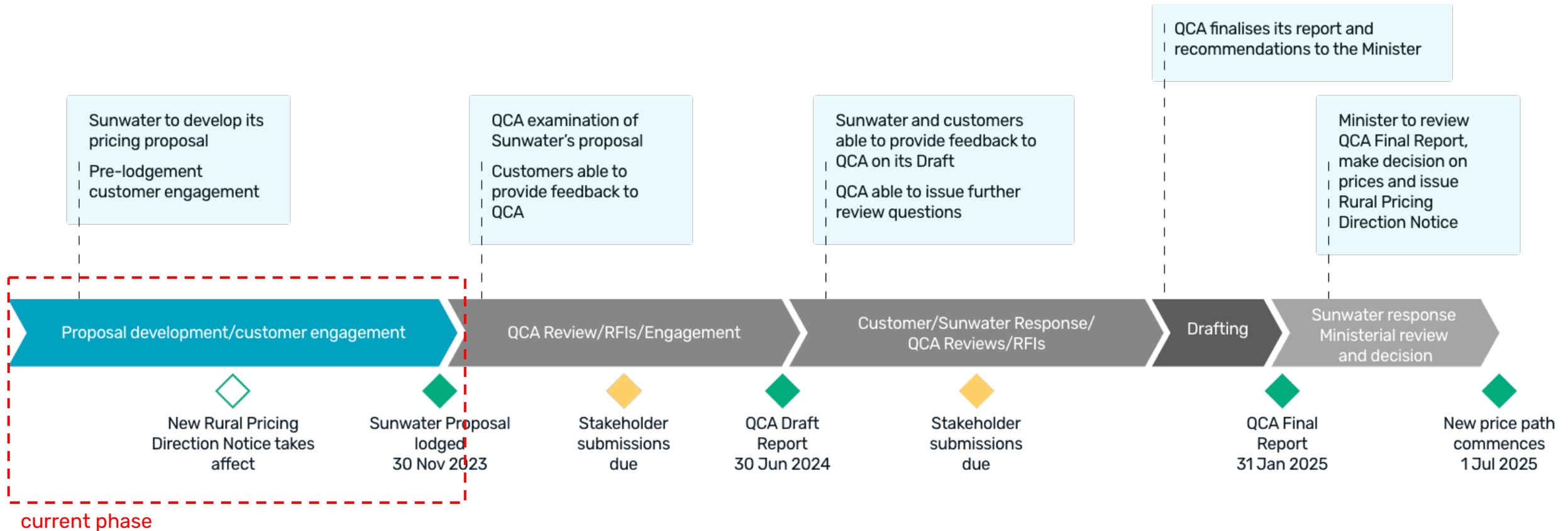


We told you we would deliver 3 stages of engagement

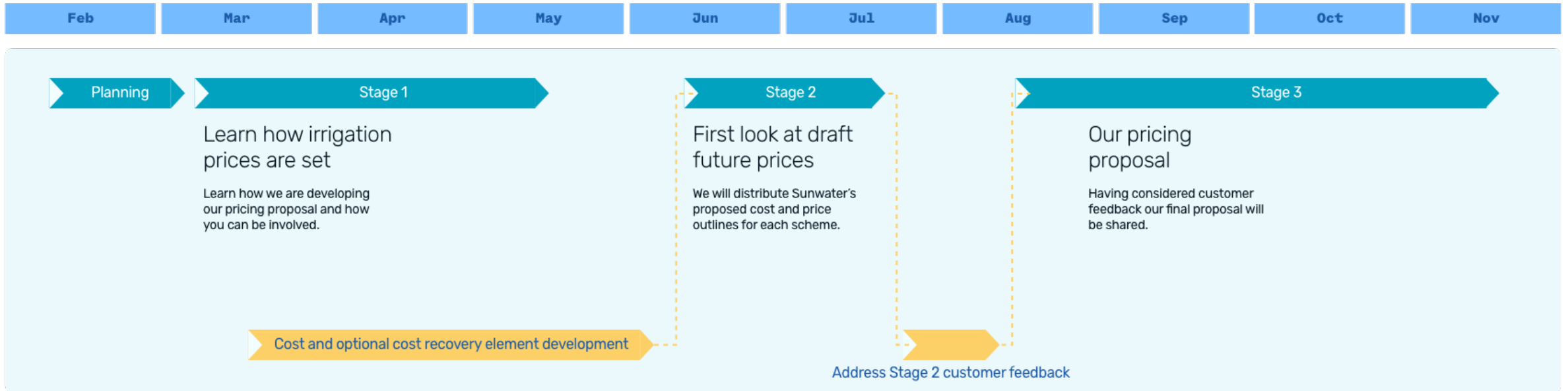
This is Stage 3 and today will go over:

- 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



Customer feedback

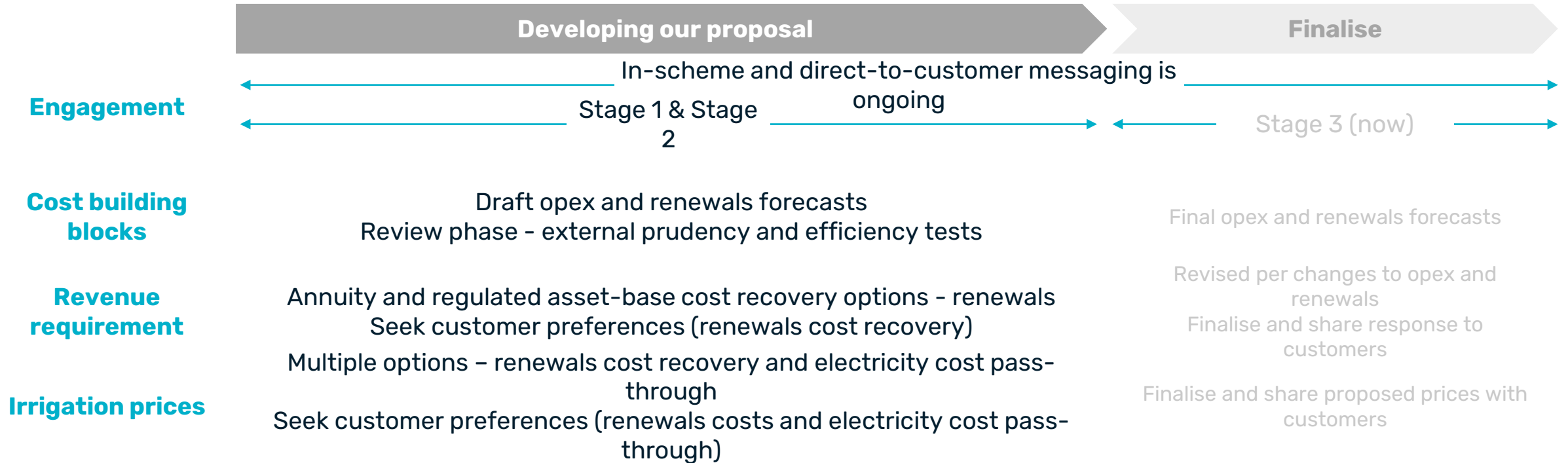
What customers requested:

- more detailed information on scheme-specific costs including specific details on renewals expenditure

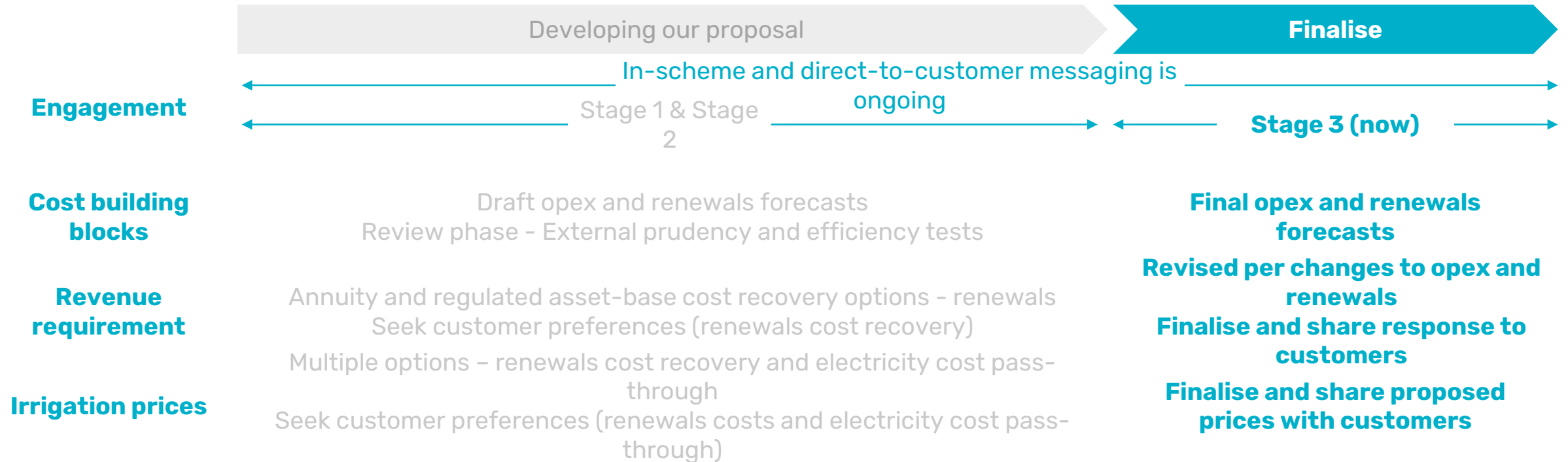
What we did:

- ✓ Our Stage 3 engagement materials include details on scheme specific opex costs and renewals projects

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

Derivation of opex base year - from Stage 2 to Stage 3 engagement ('000s)



These numbers take the base year and add

- Billing system renewal opex allowance (\$28k per annum)
- Inflation forecasts

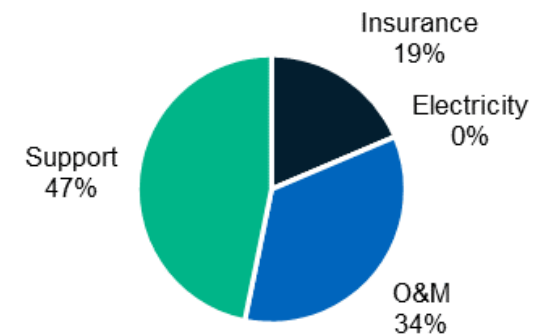
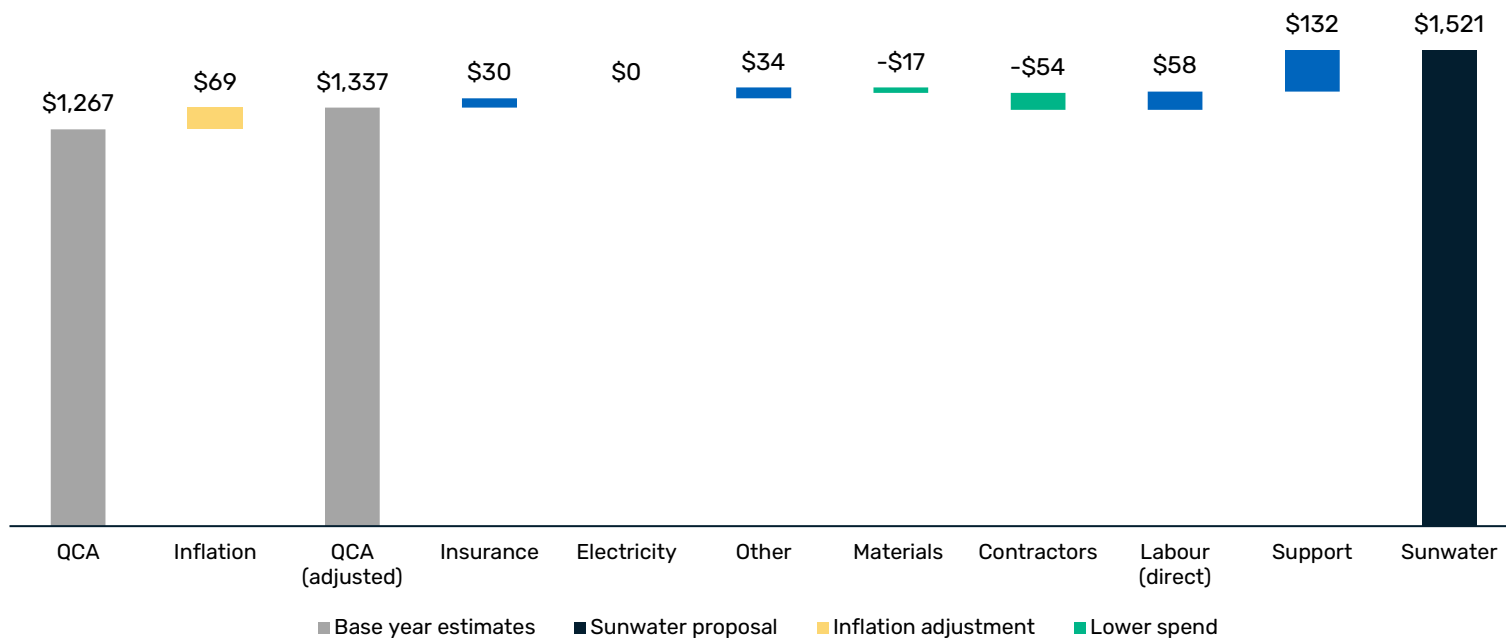
Change

| | Electricity | Insurance | Operations - directs (excl elec, ins, IGEM) | Maintenance (Pre&Corr) | Support costs | Final Base Year FY23 |
|--------------|-------------|-----------|---|------------------------|---------------|----------------------|
| EOFY | -2 | -3 | +37 | -14 | +47 | +65 |
| Pricing | +0 | +0 | -56 | -17 | +0 | -72 |
| Total | -2 | -3 | -19 | -30 | +47 | -7 |

| Cost categories | 2025-26 | 2026-27 | 2027-28 | 2028-29 |
|-------------------|-----------------|------------------|------------------|------------------|
| Insurance | \$385.2 | \$394.4 | \$403.2 | \$411.3 |
| Electricity | \$0.0 | \$0.0 | \$0.0 | \$0.0 |
| Ops & Maint | \$575.4 | \$589.3 | \$601.8 | \$613.7 |
| Support costs | \$806.2 | \$824.1 | \$841.6 | \$858.5 |
| Opex total | \$1766.8 | \$1,807.8 | \$1,846.6 | \$1,883.5 |

Base year comparison with QCA

Drivers of difference by cost category (after inflation effects) (\$'000s)



Base year broken into major spend categories

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 | | -\$564.4 | -\$610.7 | -\$537.2 | -\$392.0 | -\$223.3 | -\$609.5 | |
| Expenditure | | -\$238.4 | -\$347.7 | -\$314.7 | -\$315.6 | -\$881.7 | -\$400.0 | |
| Insurance proceeds | | | | | | | | |
| Annuity Contribution | | \$216.8 | \$447.8 | \$483.3 | \$501.5 | \$505.3 | \$516.6 | |
| Interest | | -\$24.7 | -\$26.7 | -\$23.5 | -\$17.1 | -\$9.8 | -\$26.6 | |
| Closing Balance | -\$564.4 | -\$610.7 | -\$537.2 | -\$392.0 | -\$223.3 | -\$609.5 | -\$519.5 | |

Aggregate
spend
-\$2,498.1

1. Sunwater expects to have delivered \$2.5M in renewals activities for the 2019-20 to 2024-25 period.
2. The QCA allowance for the same period was \$3.0M.
3. Proserpine is forecast to have a negative annuity closing balance.
4. The opening RAB balance for the Proserpine Scheme has been set at \$0.52M.

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

| Project name | Year | Value |
|--|---------|---------|
| 20PR007 Peter Faust Dam CRA | 2020-25 | \$873.6 |
| 24PR06 – Peter Faust Dam – Refurbish – Regulator and Guard Valve | 2023-24 | \$379.7 |

Renewals expenditure – Forecast

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

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

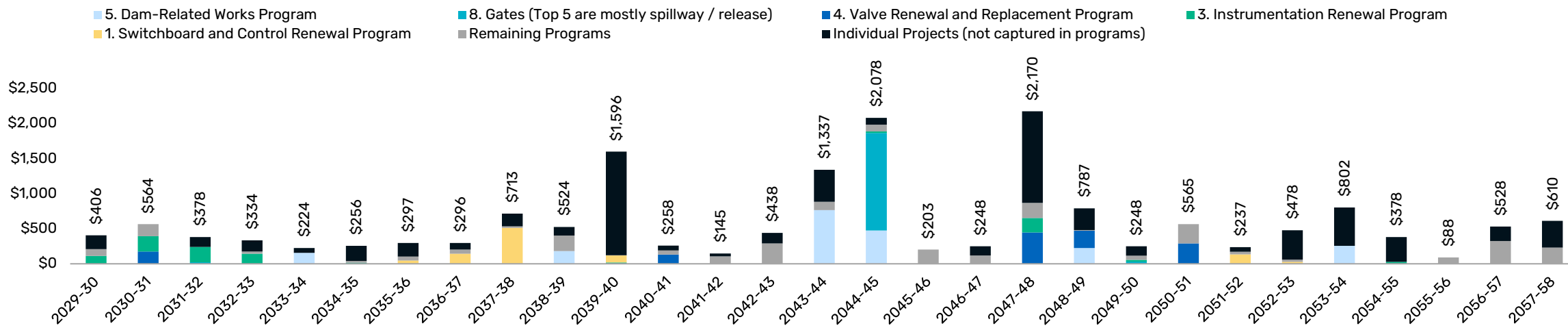
Renewals expenditure – Forecast (four years RAB-aligned)

| Category | 2025-26 | 2026-27 | 2027-28 | 2028-29 | Aggregate | Percentage |
|---|----------------|----------------|----------------|----------------|------------------|------------|
| 20. Dam Safety Management Program ★ | \$0.0 | \$416.2 | \$0.0 | \$0.0 | \$416.2 | 24% |
| 12. Civil and Roads (inlet / outlet towers) | \$0.0 | \$110.9 | \$0.0 | \$76.3 | \$187.2 | 11% |
| 17. Arc Flash Program ★ | \$108.1 | \$67.0 | \$0.0 | \$0.0 | \$175.1 | 10% |
| 5. Dam-Related Works Program | \$0.0 | \$0.0 | \$0.0 | \$138.8 | \$138.8 | 8% |
| 6. Safety and Security Assets Renewal Program | \$19.0 | \$44.2 | \$31.9 | \$0.0 | \$95.2 | 6% |
| Remaining Programs | \$41.0 | \$77.2 | \$86.2 | \$0.0 | \$204.3 | 12% |
| Sub-total – programs | \$168.1 | \$715.5 | \$118.1 | \$215.1 | \$1,216.8 | 71% |
| Projects not captured in programs | \$0.0 | \$0.0 | \$402.9 | \$98.2 | \$501.1 | 29% |
| Total | \$168.1 | \$715.5 | \$520.9 | \$313.4 | \$1,717.9 | 100% |
| <i>Capex</i> | \$108.1 | \$516.1 | \$0.0 | \$43.9 | \$668.1 | 39% |
| <i>Renewals opex</i> | \$60.0 | \$199.4 | \$520.9 | \$269.4 | \$1,049.8 | 61% |

Our review process has lifted the 4-year forecast

\$1.6M to \$1.7M (↑ \$0.1M)

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



| Project name | Commencement year | Value | Percentage total |
|--|-------------------|-----------------|------------------|
| Refurbish Downstream Face - Peter Faust Dam - Main Wall Embankment | 2045 | \$1,389 | 8% |
| Major Refurbishment of Spillway Approach Channel - Peter Faust Dam | 2039 | \$1,207 | 7% |
| Comprehensive Risk Assessment - Peter Faust Dam | 2025 | \$1,036 | 6% |
| Study: Dam Safety Inspection - Peter Faust Dam | 2029 | \$879 | 5% |
| Replace Cables & Cableways - Peter Faust Dam - Electrical Systems | 2037 | \$635 | 4% |
| Other | Varies | \$12,041 | 70% |
| Total | | \$17,187 | 100% |

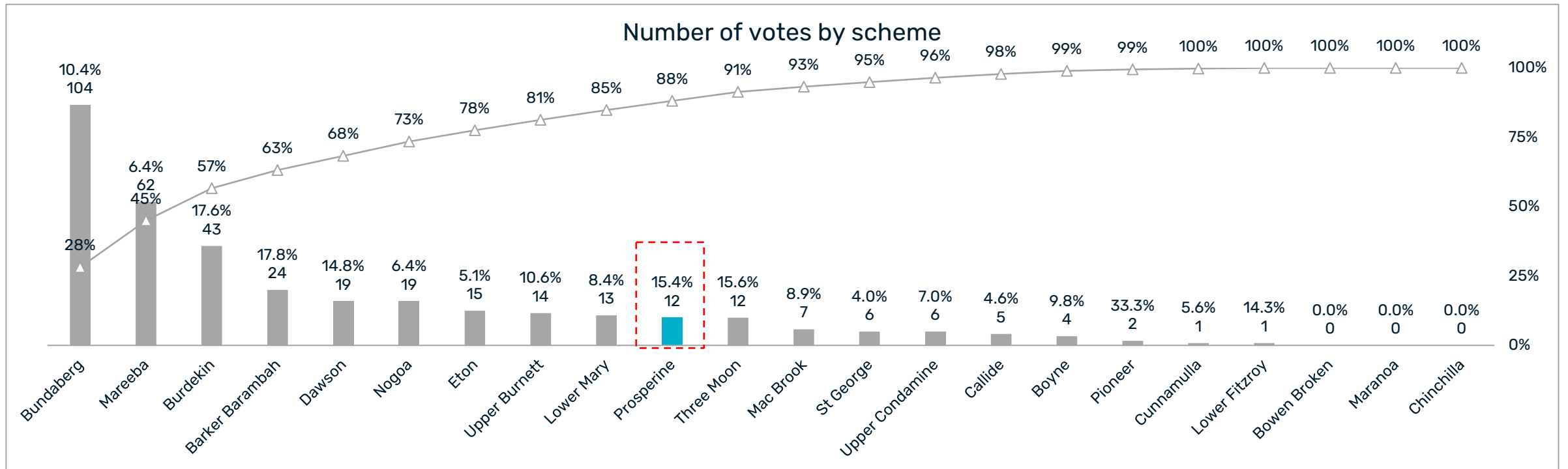
Projects shown in this table may include multiple instances of a planned corrective maintenance activity due to occur at intervals throughout the 2029-30 to 2057-58 period

Our review process has lowered the aggregate forecast for the 2029-30 to 2057-58 period

\$19.9M to \$17.2M (↓ \$2.7M)

What customers told us – feedback process

- 15.4 per cent scheme response rate

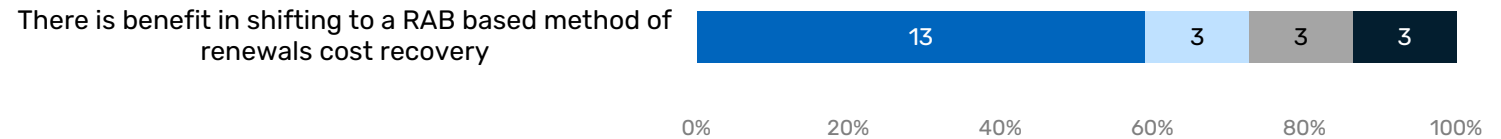


What customers told us – RAB Proposal

- 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

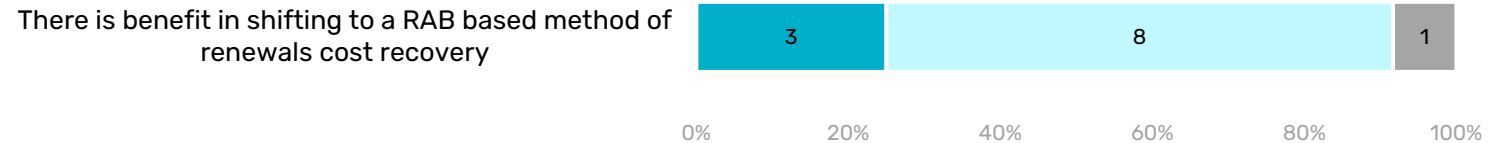
Sentiment by scheme

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



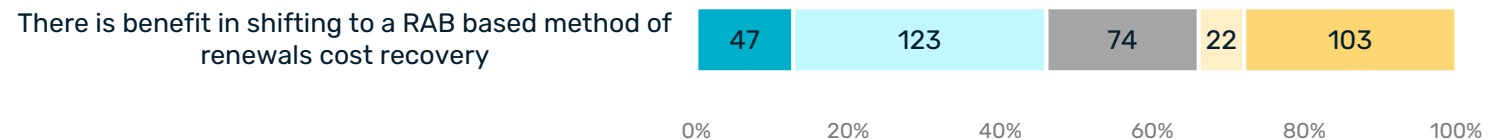
Scheme responses

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



All responses

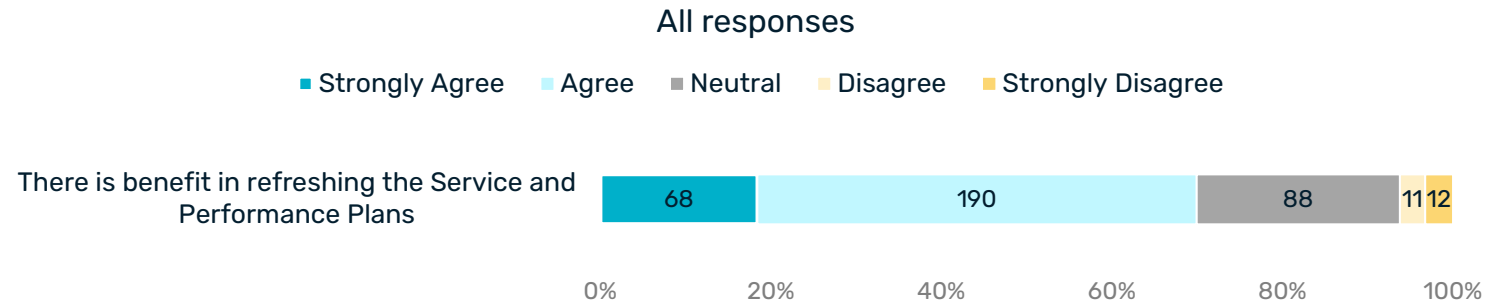
■ Strongly Agree ■ Agree ■ Neutral ■ Disagree ■ Strongly Disagree



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 Proserpine River

Total 4-year scheme-level revenue requirement of \$9.1M

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 | \$1,766.8 | \$1,807.8 | \$1,846.6 | \$1,883.5 | \$7,304.7 | 80.2% |
| Renewals opex | \$60.0 | \$199.4 | \$520.9 | \$269.4 | \$1,049.8 | 11.5% |
| Capital returns | \$38.8 | \$64.7 | \$78.6 | \$81.2 | \$263.3 | 2.9% |
| Tax allowance | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$0.0 | 0.0% |
| Sub-total | \$1,865.6 | \$2,071.9 | \$2,446.1 | \$2,234.1 | \$8,617.7 | 94.6% |
| Revenue adjustments | | | | | | |
| Revenue offsets | \$0.0 | \$0.0 | \$0.0 | \$0.0 | \$0.0 | 0.0% |
| Insurance review | \$95.0 | \$97.8 | \$100.5 | \$103.0 | \$396.2 | 4.3% |
| QCA fee ¹ | \$23.2 | \$23.9 | \$24.6 | \$25.2 | \$96.9 | 1.1% |
| Sub-total | \$118.3 | \$121.7 | \$125.0 | \$128.2 | \$493.1 | 5.4% |
| Total | \$1,983.9 | \$2,193.5 | \$2,571.1 | \$2,362.3 | \$9,110.8 | 100.0% |

Note 1: The QCA fee is apportioned to each scheme on the basis of irrigation entitlements.

Prices

Proserpine River

(including Kelsey Creek Water Board)

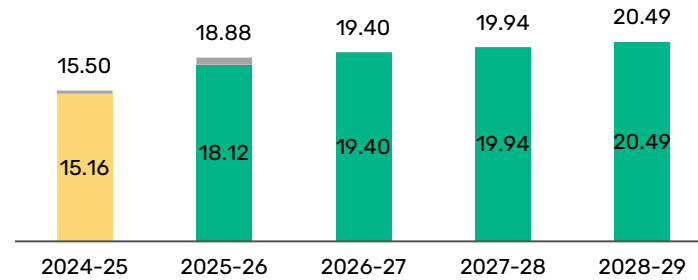
PO Change

-6.6%

Part A (\$/ML)

Medium Priority

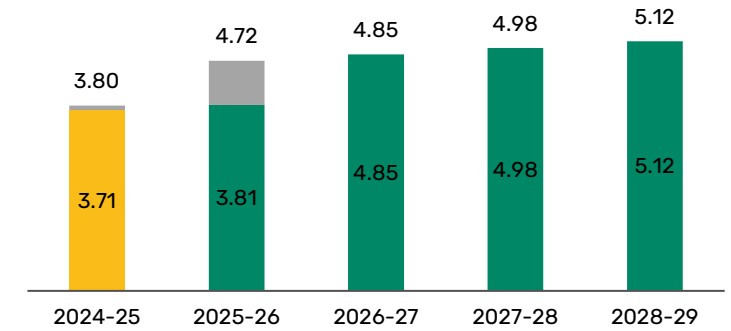
Part A - Medium Priority (\$/ML)



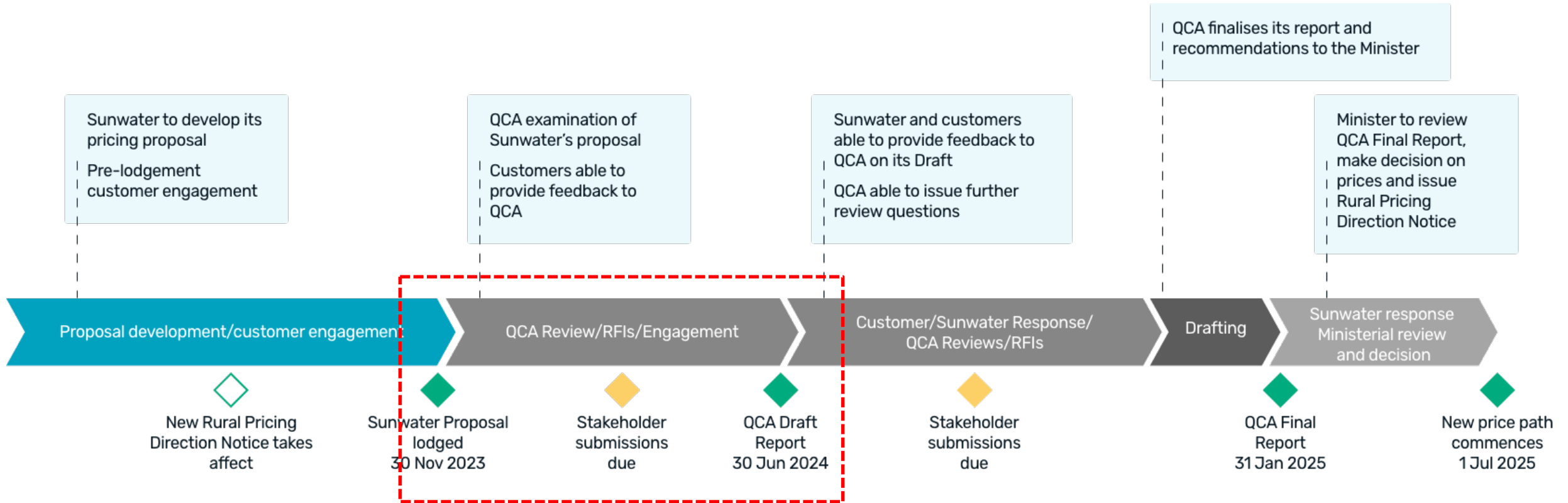
Part B (\$/ML)

PO Change

0.4%



Recap and next steps



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

Delivering water for prosperity