

**Meeting Date:** Friday 08 October 2021

**Time:** 9:00AM – 11:00AM

**Location:** Hotel Theodore, Theodore & Microsoft Teams

**Attendees:**

**Chair:** Daryl Conway (Sunwater, Operations Manager, Biloela)

**Representing customers:** Michael Murray (Cotton Australia), Ashlea Fitzpatrick (Anglo), Greg Hutchinson, Andrew French, Kirk Anderson, Mitch Anderson, Simon Green, Kelly Becker, Scott Becker, Ian Becker

**Advisory Invitees:** Kathy Batts (Department of Regional Development, Manufacturing & Water), Elena Churilova (Department of Regional Development, Manufacturing & Water),

**Sunwater representatives:** Manesh Magan, Daryl Conway, Marian Hart

**Apologies:** Cr Terri Boyce

**Minutes:** Manesh Magan (Sunwater, Customer Engagement Lead)

Agenda items		
Item no.	item	Presenter
1	Meeting open <ul style="list-style-type: none"> <li>Introduction and welcome to Customer Advisory Committee</li> </ul>	Manesh Magan Daryl Conway
2	Dawson Valley Pricing Presentation	Manesh Magan
3	Orange Creek Weir	Marian Hart
4	Carryover	Marian Hart
5	Dawson Strategic Infrastructure Reserve	Kathy Batts
6	General Business	All
7	Meeting Close	

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## 1. Meeting Open

*[Agenda item 1]*

- Introductions completed for working group participants at both Hotel Theodore and Microsoft Teams.
- Apology for delayed meeting – COVID-19 situation delayed plans for earlier meeting.

## 2. Dawson Valley Pricing Presentation

*[Agenda item 2]*

- Sunwater presented slide pack (attached)
- Questions/comments raised by Customer Advisory Committee (CAC):
  - Why does the channel group have a separate tariff group?
    - Sunwater to take item on note.
  - How is Sunwater able to make an operating surplus yet state that the scheme is operating below lower bound costs and increasing Part A prices above the minimum CPI?
    - Sunwater will collate a response and address with the committee.
  - Sunwater are not putting forward the irrigators view to the Queensland Competition Authority. It is felt that irrigators views go unheard.
    - Sunwater advise we are committed to open and transparent engagement with our customers. The CAC forum is a platform for Sunwater to consult and engage with customers on topics such as the price path and QCA process.
  - The costs associated with the referable status of MOSS are an ongoing concern for customers.
    - Sunwater indicated that a review is underway of the flood and dam failure impacts of the MOSS.

## 3. Orange Creek Weir

*[Agenda item 3]*

- Sunwater presented slide pack (attached).
- Committee members wants to understand what Orange Creek Weir would be at full volume.
- Customers were provided with an overview of the process and assessment required to support an application to DRDMW to change water sharing rules in relation to inclusion of the Orange Creek Weir in the useable volume of the announced allocation and any extension of carryover.
  - Committee members want to understand what the useable volume in Orange Creek Weir would be if included in an Announced Allocation formula.
  - A decision has not been reached regarding Option 1 or Option 2 for ongoing management of the useable volume in Orange Creek Weir. Sunwater will continue to develop some background information regarding both options and inform the DRDMW at our bimonthly licence holder meetings of discussions between Sunwater and customers on these issues.
  - Water Plans are in place for a minimum period of 10 years at which time the Water Plans are replaced, amended, or extended potentially for up to an additional 10 years. It is generally most efficient in terms of time and costs for any major scheme changes to be coordinated with the review process for the Water Plan. All stakeholders (including Sunwater and individual customers) have the opportunity at the start of the Water Planning review process to make a submission with respect to scheme improvements.

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- Sunwater advised a change to the water sharing rules in the Operations Manual is possible, however the process to do so and the preparation of supporting information would require time and resources, particularly if done outside of a Water Plan review cycle.
- Feedback from the committee:
  - More detail is required for the committee before a decision could be made.
  - Could there be an 'opt in' option to draw on the release from Orange Creek Weir?
    - Sunwater want to ensure any outcome is fair and equitable for all customers.

#### 4. Carryover

*[Agenda item 4]*

- Sunwater presented slide pack (attached) regarding a request for a change to the water sharing rules for extension of availability to 2 months.
- Sunwater advise as for the Orange Creek Weir changes to water sharing rules, the same detailed supporting information would need to be demonstrated to the DRDMW to make a change.
- Sunwater advise of a slightly higher risk of spills in November (resulting in cancellation of carryover).
- The committee advised the believe irrigators would accept this risk.
- Sunwater advise of the need to include evaporative losses in any calculation methodology for supporting information.
- Sunwater would need to canvas thoughts of the entire scheme before initiating any process to change.
- Questions from the committee:
  - Have we considered losses as a result of extending carryover to 2-months?
  - Sunwater advises some preliminary calculations of evaporative losses have been undertaken but more needs to be done to assess potential losses for a range of storage volumes at the start of the water year.

#### 5. Dawson Strategic Infrastructure Reserve

*[Agenda item 5]*

- DRDMW Representative advised separate meeting being held following Dawson Valley Customer Advisory Committee to discuss this topic.
- Meeting is to seek feedback from irrigators.

#### 6. General Business

*[Agenda item 6]*

- Next meeting date – committee request prior to Christmas 2021.
- Question from committee:
  - Who is driving the Paranui Weir study?
    - Sunwater to come back to the committee with further information.
  - Meters on river need to be fixed/replaced. Will Sunwater explore telemetry/back-to-base metering?
    - Sunwater are trialling back-to-base meters.
    - Newly installed meters have capability; however, at this stage will not be equipped with b2b technology.

## 7. Action items

Action items		
Item no.	item	Responsible person(s)
1	Address questions from pricing presentation as follows: 1.1: Why does the channel group have a separate tariff? 1.2: How is Sunwater able to make an operating surplus yet state that the scheme is operating below lower bound costs and increasing Part A prices above the minimum CPI	Manesh Magan (Sunwater)
2	Next meeting date - Prior to Christmas	Manesh Magan (Sunwater)

## 8. Sunwater response

*Please see Appendix A*

## 9. Approval and Review

<b>Chair:</b>	Daryl Conway (Sunwater Operations Manager, Biloela)
<b>Minutes:</b>	Manesh Magan (Sunwater Customer Engagement Lead)
<b>Date:</b>	Monday 11 October 2021

**10. Appendix A**

**Action item responses**

**1.1 Why does the channel group have a separate tariff?**

This is the result of the Queensland Government’s decision to “unbundle” irrigation prices in the previous price path period.

In 2018/19, the Queensland Government determined that irrigation prices would be “unbundled” (refer to attached fact sheet). This meant that for bulk schemes that also supply a distribution scheme, the fixed (Part A) bulk charges for distribution customers were reduced to cost-reflective levels. This was offset by an increase in the fixed (Part C) distribution charges paid by those customers. For Dawson bulk only customers, Part A charges were increased by 2.5%.

In 2019/20, the Queensland Government increased Part A charges for distribution and bulk customers by 2.5%, continuing the differential between the two sets of Part A charges. Then, in 2020/21, the Queensland Government decided to set Part A charges at the lower of the 2019/20 price or the 2020/21 QCA recommended price. For Dawson bulk customers on the River tariff group, this meant their Part A price decreased to the QCA’s 2020/21 recommended price for the Glebe Weir tariff. For Dawson bulk customers on the Glebe Weir tariff group and Dawson distribution customers, their Part A prices were maintained at their respective 2019/20 levels.

For 2021/22, the Queensland Government has adopted the 2020/21 QCA recommended prices, then applied a 15% discount. An explanation of how the 2020/21 QCA recommended prices were derived is set out in the QCA’s final Part B report (see section 7.5). The pricing differential has continued as a result of the application of the Queensland Government’s pricing principles (and will continue for the remainder of the price path to 2023/24).

**Dawson fixed prices**

	2017/18	2018/19	2019/20	2020/21	2021/22
<b>Dawson bulk water only customers*</b>					
Part A	17.17	17.60	18.04	16.18**	17.70***
<b>Dawson distribution customers</b>					
Part A	17.17	13.64	13.98	13.98	14.17

\* For simplicity, this table does not show the Glebe Weir tariff group prices.

\*\* For River customers, their price was reduced to the 2020/21 QCA recommended price for the Glebe Weir tariff group.

\*\*\* Reflects the new alternative tariff group, which merged the River and Glebe Weir tariff groups.

**1.2 How is Sunwater able to make an operating surplus yet state that the scheme is operating below lower bound costs and increasing Part A prices above the minimum CPI?**

Fixed (Part A) and volumetric (Part B) infrastructure charges for irrigation customers are set by the Queensland Government based on recommendations from the QCA. In February 2020, the QCA completed its investigation into water prices to apply to Sunwater's irrigation customers from 1 July 2020 to 30 June 2024, following a public consultation process. The QCA's final recommendations on irrigation prices are available on its website: [www.qca.org.au/project/rural-water/irrigation-price-investigations](http://www.qca.org.au/project/rural-water/irrigation-price-investigations).

Commercial charges set by Sunwater are generally based on the full recovery of:

- operational, maintenance and administrative costs
- externalities
- taxes
- the return of and on capital investment.

These charges are escalated annually, based upon the terms and conditions of relevant contracts.

**2. Next meeting of the Dawson Valley Customer Advisory Committee**

The next Dawson Valley Customer Advisory Committee (CAC) meeting will be held on 7 December 2021 at Hotel Theodore.

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