sunwater

Service and Performance Plan 2024

Callide Valley Bulk Water Service Contract

13 November 2024

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This Service and Performance Plan has been prepared by Sunwater to provide indicative information to its customers for the purpose of consultation. It contains estimates and forecasts which are based on a number of assumptions. The actual financial performance of the service contract to which this plan relates, and the operations and activities actually undertaken by Sunwater during the relevant periods, may vary materially from the information contained in this plan. This plan should not be relied on beyond its purpose as a tool for consultation and you should not rely on the information contained in this plan to make decisions about your circumstances. Sunwater will not be responsible or liable for any loss (including consequential loss), claim or damage (including in tort) that is in any way connected with the use of this plan or the information contained within it.

At a glance

Our customers

Most customers in this scheme are irrigators of agriculture including dairy, fodder crops and winter and summer cereal cropping. Water is also supplied to the township of Biloela, an abattoir, and industrial users including the Callide Power Station.

Our irrigation charges

Table 1 Irrigation charges for 2024-25[1,2]

Charges by tariff group 2024-25							
Callide		Irrigation charge[2]		Cost-reflective charge[3]		Δ to cost reflective	
Fixed charges							
Medium Priority	Part A	25.83	$/ML	77.06	$/ML	51.23	$/ML
Variable charge[4]							
Usage	Part B	8.08	$/ML	9.71	$/ML	1.63	$/ML

1. *Includes the Queensland Government's 15 per cent discount for irrigation customers. Refer to www.rdmw.qld.gov.au for more information.*
2. *The cost-reflective prices are based on the previous year's prices set by the Queensland Competition Authority (QCA), escalated by 2.24 per cent, the average inflation rate forecast set by QCA in 2020.*

For more information on Sunwater's fees and charges, refer to: www.sunwater.com.au/customer/fees-and-charges/

Our performance

Operations and maintenance costs

		QCA $'000	Sunwater $'000	Δ to QCA	
Actual	**2023-24**	1913.9	1801.5	-5.9%	▽
Forecast[1]	**2024-25**	1956.8	2236.1	14.3%	▲

1. *The 2024-25 operating expenditure forecast is based on the 2023-24 allowance escalated by the 2.24% inflation rate set by the QCA in 2020*

Expenditure funded by the annuity

		QCA $'000	Sunwater $'000	Δ to QCA	
Actual	**2023-24**	605.8	2435.3	302.0%	▲
Forecast	**2024-25**	2027.2	2162.6	6.7%	▲
Actual + Forecast	**∑ Price path[1]**	3836.4	21,228.6	453.3%	▲

1. *The original 4-year price path period has been extended by an additional year. The updated price path summary differs from the previous S&PP's summary in that it now summarises 5 years.*

▲	△	⧫	▽	▼
10% above the QCA target	5% above the QCA target	In line with the QCA target	5% below the QCA target	10% below the QCA target

Water delivered	Total		To irrigators		
2022-23	11,017	ML	6413	ML	
2023-24	13,731	ML	8898	ML	
	24.6%	▲	38.8%	▲	*Year-on-year change by group*

▲	⧫	▼
5%	0%	-5%

Service targets	Exceedances	Notes
2022-23	0	Unplanned shutdowns (duration) and maximum number of interruptions were met.
2023-24	0	

Introduction

This Service and Performance Plan (S&PP) details a range of proposed scheme activities and projects and presents a breakdown of anticipated costs for review. It also sets out Sunwater's actual costs for 2023-24.

The purpose of this year's S&PP for Callide Valley is to:

- examine Sunwater's performance in 2023-24 against cost allowances and service targets
- present Sunwater's projected costs for 2024-25 and 2025-26
- consult with customers on forecast operating and annuity-funded costs for 2024-25 and the forward program of works.

In addition to this S&PP, Sunwater submitted its irrigation pricing proposal to the Queensland Competition Authority (QCA) on 30 November 2023. The proposal explains the types of costs incurred in delivering water to customers and how those costs are allocated to service contracts. The pricing proposal and associated customer material is available at: www.sunwater.com.au/projects/price-path/

Input from customers is a valuable part of Sunwater's planning process and ensures it invests in areas which support the services provided to customers.

Sunwater engages with its customers both formally and informally throughout the year and customer feedback is a valuable part of our planning process.

The publication of an annual S&PP is an important part of the formal feedback process, providing a snapshot of Sunwater's performance over the most recently completed financial year, as well as an outline of the areas of focus for the current year.

Sunwater welcomes and encourages feedback on this S&PP. To have your say, please contact Sunwater via email or post:

Email: sppfeedback@sunwater.com.au
Post: S&PP Feedback
PO Box 15536
City East Qld 4002

All financial figures reported in this document are in nominal dollars i.e. dollars of the day. Figures may not sum due to rounding.

Irrigation Prices Review 2025

In March 2023, the Queensland Government directed QCA to undertake a review of Sunwater's irrigation prices. The purpose of this review is for QCA to recommend irrigation prices to apply for from 1 July 2025 to 30 June 2029.

Sunwater submitted its irrigation pricing proposal to QCA on 30 November 2023.

QCA will publish its final report and recommended prices in February 2025.

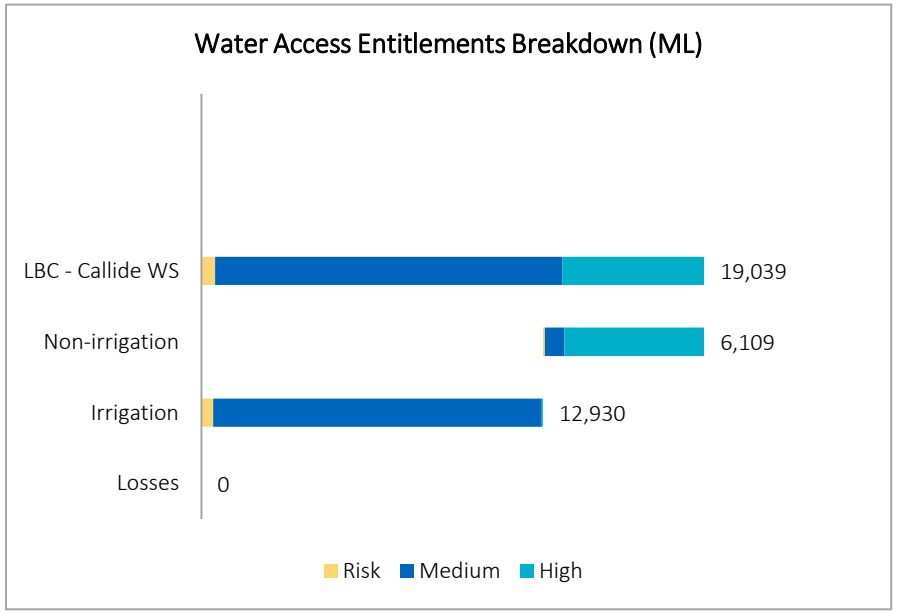
The information that we have submitted to QCA as part of the irrigation pricing review is available at: www.sunwater.com.au/projects/price-path/

Delivering services to our customers

Entitlements

The water allocations for each customer segment are shown below.

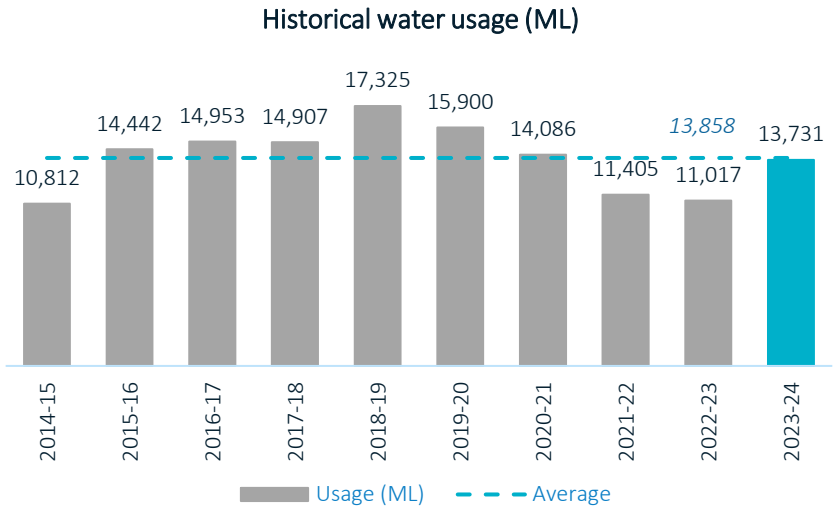
Figure 1 Water access entitlements (as at 30 June 2024)



Historical water usage

The chart below shows annual water usage for the past 10 years.

Figure 2 Historical water usage for the past 10 years



- Usage in 2023-24 was broadly in line with the 10-year average of 13,858 ML.
- Part B prices for the current period were set using a 20-year average of 11,891 ML.

Service targets

Sunwater and customers have agreed Water Supply Arrangements and Service Targets for Callide Valley. Table 2 sets out recent performance against selected service targets for this scheme.

Table 2 Scheme service targets and performance

Service target		Target	Number of exceptions		
			2021-22	2022-23	2023-24
Planned shutdowns – notification	For shutdowns planned to exceed two weeks	8 weeks	0	0	0
	For shutdowns planned to exceed three days	2 weeks	0	0	0
	For shutdowns planned to be less than three days	5 days	0	0	0
Unplanned shutdowns – duration[1]	Unplanned shutdowns during peak demand period	48 hours	0	0	0
	Unplanned shutdowns outside peak demand period	5 working days			
Maximum number of interruptions	Planned or unplanned interruptions per water year	6	0	0	0

1. *The number of times the unplanned shutdown exceeded the shortest of the peak/off peak periods.*

Sunwater also has company-wide customer interactions service targets. Its performance against these targets in 2023-24 is shown in .

Table 3.

Table 3 Customer interactions service targets and performance

Service target	Target	2023-24
Telephone answering[1]	80.00%	83.00%
Requests actioned within Service Level Agreement (SLA) timeframes[2]	> 95.00%	96.97%

1. *The percentage of 13 15 89 calls answered within 60 seconds.*
2. *The percentage of email or workflow requests (such as property transfers and temporary transfers) to the Customer Support team completed within agreed SLAs. SLA timeframes range between two and 10 business days, depending on the request.*

Key infrastructure

Table 4 lists the key infrastructure used to deliver bulk water services to customers in Callide Valley.

Table 4 Key infrastructure

Asset	Description	Total storage capacity (ML)
Callide Dam	Earth and rock fill dam with an ogee-type crest with three pairs of radial gates. The spillway chute is concrete lined and ends with a long dissipator pool. Classified as a referable dam under the *Water Supply (Safety and Reliability) Act 2008*.	136,300
Kroombit Dam	Spillway of roller-compacted concrete covered with facing concrete and flanked by earth and rock fill embankments. Classified as a referable dam under the *Water Supply (Safety and Reliability) Act 2008*.	14,600
Callide Weir	Steel sheet piled structure with three concreted rockfill steps.	506
Callide Diversion Channel	A diversion channel (comprising earth channel and pipeline sections) through which water can be diverted from Callide Dam to Kroombit and Kariboe creeks.	n/a

Cost of delivering services—Operating expenditure

Operating expenditure includes funds for: operations activities i.e. operations, electricity, and insurance; preventative maintenance; and corrective maintenance.

Table 5 sets out actual and forecast operating expenditure for Callide Valley.

Our performance in 2023-24

In 2023-24, operating costs were below QCA's recommended cost target.

Outlook for 2024-25

Callide Valley Bulk Water Service Contract's total operations budget in 2024-25 is 14.3 per cent below QCA's recommended cost target.

Insurance is one of Sunwater's largest expenditure items. These costs have increased significantly in recent years due to multiple flood events in Queensland and global insurable events impacting premiums. The escalation of insurance premiums has directly contributed to the rise in Sunwater's operating expenditure. Additionally, electricity expenses are set to escalate due to increases in wholesale market volatility.

Sunwater's focus in 2024-25 is on performing operation and maintenance activities to a standard that ensures the scheme's reliability and functionality whilst also meeting current asset maintenance standards and compliance obligations.

Table 5 Operating expenditure[1,2]

Operations and maintenance costs - by sub-category	2023-24 actuals $'000				2024-25 forecast $'000			
	QCA	Sunwater[3]	Δ to QCA		QCA[4]	Sunwater[3]	Δ to QCA	
Insurance	434.1	549.5	26.6%	▲	443.8	606.3	36.6%	▲
Electricity	5.0	11.9	139.8%	▲	5.1	23.9	370.3%	▲
Operations & maintenance	577.3	579.8	0.4%	◆▶	590.2	798.6	35.3%	▲
Support costs	879.5	660.2	-26.4%	▼	917.6	807.3	-12.0%	▼
Total opex	1913.9	1,801.5	-5.9%	▽	1956.8	2236.1	14.3%	▲

▲	△	◆▶	▽	▼
10% above the QCA target	5% above the QCA target	In line with the QCA target <5%	5% below the QCA target	10% below the QCA target

1. *Reflects QCA's 2020–2024 irrigation price investigation final recommendations. Excludes recreational facility costs.*
2. *From 1 July 2020, irrigation customers no longer contribute towards the cost of operating and maintaining recreational facilities. These costs have been excluded from the total operating expenditure.*
3. *Sunwater's 2023-24 actual expenditure figures presented in this table are pre-adjustment and will differ from its Irrigation Pricing Proposal and engagement materials. Sunwater's 2024-25 figures align with its pricing submission; these figures may differ from the budget.*
4. *QCA's 2024-25 allowance is based on the previous year's allowance escalated by 2.24 per cent, the inflation rate set by QCA in 2020.*

Cost of delivering services—Renewals annuity and non-annuity funded expenditure

Renewals discussion

Sunwater recovers expenditure required to renew its assets i.e. maintain the current level of service an asset provides via a renewals annuity. The annuity treats all renewals related expenditure as an expense i.e. not capital and amortises a multiyear expenditure forecast (30 years), such that the amount customers pay is smoothed relative to the actual expenditure profile. Negative opening balances reflect expenditure incurred by Sunwater which has not yet been recovered via the annuity contribution amount, while positive opening balances reflect expenditure which has been pre-recovered via the annuity contribution amount. Forecast annuity balances, and the impacts of budgeted spend, are shown in Table 6 below.

QCA and Sunwater closing balances differ due to differences in the expenditure profile allowed by QCA in its 2020-24 final recommendations and actual expenditure incurred by Sunwater in 2023-24 and what it expects to spend in 2024-25.

Annuity-funded expenditure includes funds for planned corrective maintenance (PCM), as well as large, one-off operations activities. Activities include monitoring of the asset condition to inform when an asset needs to be refurbished or replaced under the PCM program.

Non-annuity funded expenditure largely relates to Sunwater's Dam Improvement Program and recreational facility costs.

Our performance in 2023-24

Performance against the QCA target

Sunwater updates its program of works based on its whole-of-life replacement and maintenance strategy, which looks at the risk and condition of each asset. It uses this information to estimate the future work required to ensure the asset will continue to provide the required level of service into the future. Other factors such as changes in project delivery timing e.g. due to weather may also affect the program of works.

These factors mean the actual program of works delivered in any year will differ to the program assessed by QCA. At a project level, variances may also occur due to changes in the scope of work and cost inputs.

Project level cost variances

Table 7 provides a comparison of the annuity-funded projects planned for 2023-24 and the actual projects undertaken, together with justification for the variances.

Outlook

Details of the major annuity-funded projects planned for 2024-25 and 2025-26 are set out in Table 8.

Table 6 Annuity and non-annuity funded expenditure and roll-forward[1]

Annuity-funded expenditure (and roll-forward)		2023-24 actuals $'000					2024-25 forecast $'000				
		QCA[2]		Sunwater[3]	Δ to QCA		QCA[2]		Sunwater[3]	Δ to QCA	
Opening balance	*O*	(6285.8)	→	(22,435.3)	256.9%	▲	(5183.7)	→	(23,868.8)	360.5%	▲
Annuity-funded expenditure	***E***	(605.8)	→	(2435.3)	302.0%	▲	(2027.2)	→	(2162.6)	6.7%	△
Annuity revenue[4]	*R*	1982.8	→	1982.8	0.0%	◆▶	2027.2	→	2027.2	0.0%	◆▶
Interest	*I*	(274.8)	→	(980.9)	256.9%	▲	(226.6)	→	(1043.6)	360.5%	▲
Closing balance	*C*	(5183.7)	→	(23,868.8)	360.5%	▲	(5410.4)	→	(25,047.8)	363.0%	▲
C = (O + E + R + I)											
Other expenditure (not part of prices)											
Dam Improvement Program		-		0.0	-		-		14,000	-	
Recreational facility projects[1]		-		0.0	-		-		0.0	-	
Dividend reinvestment		-		0.0	-		-		0.0	-	

▲	△	◆▶	▽	▼
10% above the QCA target	5% above the QCA target	In line with the QCA target <5%	5% below the QCA target	10% below the QCA target

1. *Forecast annuity-funded costs from 2020-21 exclude recreational facility projects.*
2. *Reflects QCA's 2020–2024 irrigation price investigation final recommendations.*
3. *Sunwater's 2023-24 actual expenditure and the forecast presented in this table are pre-adjustment and will differ from its Irrigation Pricing Proposal and engagement materials.*
4. *The annuity contribution is included in the prices paid by bulk water and distribution customers. From 2020-21 to 2024-25, the annuity contribution is based on QCA's irrigation price investigation 2020–2024 final recommendations.*

Comparison of forecast and actual annuity-funded projects for 2023-24

The below table sets out the major annuity-funded projects planned for Callide Valley in 2023-24[1] and the actual projects undertaken.

Table 7 Budget vs actual annuity-funded expenditure for 2023-24

Facility	Activity description	Budget $'000	Actual $'000	Commentary
Callide Dam	Replace – electrical switchboard.	277	196	Multiyear project under budget as some costs incurred in previous year
Callide Dam	Study – 20-year comprehensive risk assessment.	1415	683	Works necessary to comply with dam safety regulatory requirements were planned in two phases: a 20-year safety review and a comprehensive risk assessment. It was decided to postpone the risk assessment until repairs to the spillway gates were completed.
Callide Dam	Install – permanent access conduit seepage points.	0	34	Rollover work from 2023. Lighting required upgrading for safe access.
Callide Dam	Replace – customer meters.	0	48	Multiyear project.
Kroombit Dam	Study – ALARP (as low as reasonably possible) study.	576	428	Completed under budget in 2023-24. 2024-25 budget still required for further tests.
Callide Dam	Study – five-yearly comprehensive dam safety inspection.	130	124	This project was completed within budget.
Callide Dam	Replace – switchboards at inlet tower and valve.	46	33	Full scope of works completed under budget due to a reduction in plane labour.
Callide Dam	Study – investigating the left embankment downstream drainage.	2	8	Study required engineering review.
Callide Dam	Refurbish – float chamber balance pipework.	173	0	Completed under project 24CV05.
Callide Dam	Refurbish – pipes between chambers.	231	90	Further works rolling over into 2024-25 due to long lead time for materials.
Callide Dam	Refurbish – v-notch weirs.	115	201	Scope increased to allow for accurate measuring with safe access.

[1] *Based on information extracted from Sunwater's systems in August 2024.*

Facility	Activity description	Budget $'000	Actual $'000	Commentary
Callide Dam	Refurbish – drain valves and guard values.	114	123	Additional valves required replacement.
Callide Scheme	Replace – customer meters.	72	158	Multiyear project.
Callide Dam	Study – options study to address hazards regarding cone valve operation.	0	35	Unplanned break-in project required to address a safety concern regarding operation of the cone valve.
Kroombit Dam	Study – ALARP (as low as reasonably possible) study.	0	127	This project was split out of 23CV05 to better track costs. Under budget.
Callide Scheme	Arc flash program.	0	63	Budget set at regional level.
Callide Dam	Refurbish – dam gates.	0	83	Multiyear project with last year of budget in 2022-23. Final project completion occurred in 2023-24.
2023-24 total		**3151**	**2435**	

Annuity-funded projects for 2024-25 and 2025-26

The below table sets out Sunwater's currently planned annuity-funded projects for this scheme for 2024-25 and 2025-26[2] . While the immediate program is well defined, estimates become more uncertain further into the planning timeline. Forecasts are likely to change in future S&PPs, reflecting changes in project delivery timing, asset condition and risk updates, outcomes from scheduled asset inspections, and customer feedback. Please note that the data in Table 8 is presented at a granular level and may not align with the overarching program names in Sunwater's pricing submission.

Table 8 - Forecast annuity-funded projects planned for 2024-25 and 2025-26

Year	Facility	Activity description	Forecast $'000
2024-25	Kroombit Dam	Study – ALARP investigation to evaluate dam safety risk.	1183
	Scheme	Instrumentation program to align with dam safety standards.	405
	Scheme	Dam safety program to meet dam safety regulations.	226
	Callide Diversion Channel	Refurbish – fences based on known condition and age.	96
	Scheme	Study –risk assessment to identify arc flash hazards.	84
	Callide Valley	Replace – groundwater meters according to AS4747 to meet regulatory compliance.	74
	Kroombit Dam	Bathymetric survey to investigate large spills as recommended in comprehensive risk assessment.	58
	Kroombit Dam	Study – inspection and FEA analysis based on comprehensive risk assessment recommendation.	25
	Kroombit Dam	Study – deformation survey based on comprehensive risk assessment recommendation.	12
	2024-25 total		**2163**
2025-26	Scheme	Instrumentation program to align with dam safety standards.	2419
	Scheme	Program to upgrade dams based on risk to meet new dam safety standards and regulation.	681
	Kroombit Dam	Study – ALARP (as low as reasonably possible) study.	368
	Scheme	Arc flash program.	216
	Callide Valley	Replace and upgrade – groundwater meter based on known asset condition and age.	77
	Kroombit Dam	Study – five-yearly comprehensive dam safety inspection.	55

[2] *The project forecasts provided in this table align with Sunwater's pricing submission. It is important to acknowledge that these projects are inherently dynamic and susceptible to changes influenced by various factors.*

Year	Facility	Activity description	Forecast $'000
	Callide Dam	Replace – power poles and aerials based on known asset condition and age.	38
	Callide Dam	Replace – test pump at local control stations based on known asset condition and age.	23
	Callide Dam	Replace – building services based on known asset condition and age.	18
	Callide Dam	Replace – gate pump test pressure switch based on known asset condition and age.	18
	Callide Dam	Replace – outlet works sump pumps level controller based on known asset condition and age.	14
	Callide Dam	Replace – outlet works sump pumps based on known asset condition and age.	12
	Kroombit Dam	Refurbish – bulk storage rack based on known asset condition and age.	6
	2025-26 total		**3945**