



Final Service and Performance Plan 2023

Callide Valley Bulk Water Service Contract

10 January 2024

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This Service and Performance Plan has been prepared by Sunwater to provide indicative information to our customers for the purpose of consultation. It contains estimates and forecasts which are based upon 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 upon beyond its purpose as a tool for consultation and you should not rely on the information contained in this plan in making 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

The majority of our 130 customers in this scheme are irrigators of agriculture including dairy, fodder crops and winter and summer cereal cropping. Water is also supplied to township of Biloela, an abattoir, and industrial users, including the Callide Power Station.

Our irrigation charges

Table 1 - Irrigation charges for 2023-24

Charges by tariff group 2023-24							
Callide River		Irrigation charge ¹		Cost-reflective charge ²		Δ to cost reflective	
Surface Water	Part A	\$ 23.15	\$/ML	\$75.37	\$/ML	-\$52.22	\$/ML
Callide & Kroombit Creek	Part B	\$7.90	\$/ML	\$9.50	\$/ML	-\$1.60	\$/ML
Callide Benefited	Part A	\$23.15	\$/ML	\$75.37	\$/ML	-\$52.22	\$/ML
Groundwater Area	Part B	\$7.90	\$/ML	\$9.50	\$/ML	-\$1.60	\$/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. Is the cost-reflective price determined by the Queensland Competition Authority (QCA) in its 2020–2024 irrigation price investigation. Costs reflect lower bound cost recovery, i.e. recovery of future replacement and ongoing maintenance and operations.

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	2022-23	\$1,869.2	\$2,030.4	8.6%	△
Forecast	2023-24	\$1,913.9	\$2,183.3	14.1%	▲



Expenditure funded by the annuity

		QCA \$'000	Sunwater \$'000	Δ to QCA	
Actual	2022-23	\$112.2	\$3,876.7	3354.4%	▲
Forecast	2023-24	\$605.8	\$2,052.4	238.8%	▲
Actual + Forecast	Σ Price path	\$1,809.2	\$18,683.1	932.7%	▲

▲	△	◀▶	▽	▼
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	
2021-22	11,405 ML	7,031 ML	
2022-23	11,017 ML	6,413 ML	
	-3.4%	◀▶	-8.8% ▼

YoY change by group

▲	◀▶	▼
5%	0%	-5%



Service targets

	Exceedances	Notes
2021-22	0	Unplanned shutdowns (duration) and maximum number of interruptions were not met.
2022-23	0	Unplanned shutdowns (duration) and maximum number of interruptions were not met.

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 2022-23.

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

- examine Sunwater's performance in 2022-23 against cost and service targets
- present to customers Sunwater's projected costs¹ for 2023-24 and 2024-25
- consult with our customers on forecast operating and annuity-funded costs for 2023-24 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 which explains the types of costs we incur in delivering water to our 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 that we invest in areas which support the services we provide 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.

¹ All financial figures reported in this document are in nominal dollars, i.e. dollars of the day. Figures may not sum due to rounding.

We welcome and encourage your feedback on this S&PP. To have your say, please contact us via email or post:

Email: sppfeedback@sunwater.com.au

Post: S&PP Feedback

PO Box 15536

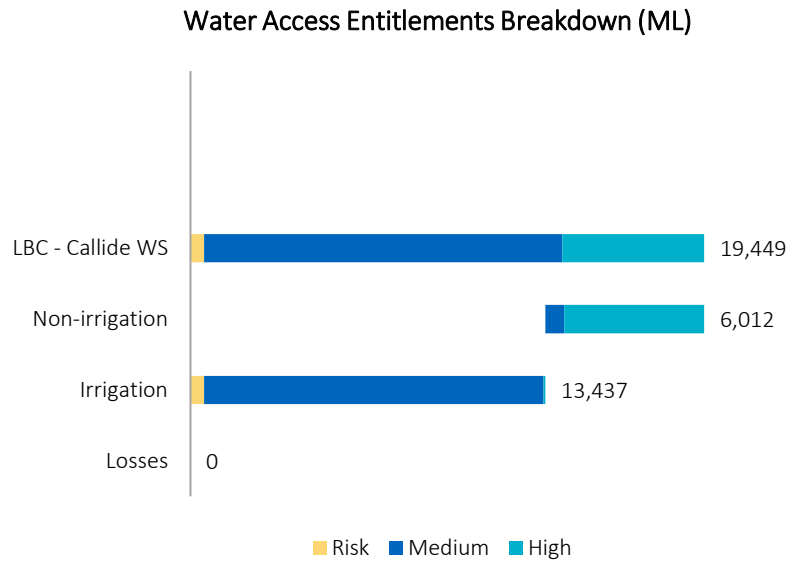
City East Qld 4002

Delivering services to our customers

Entitlements

The water allocations for each customer segment are shown below.

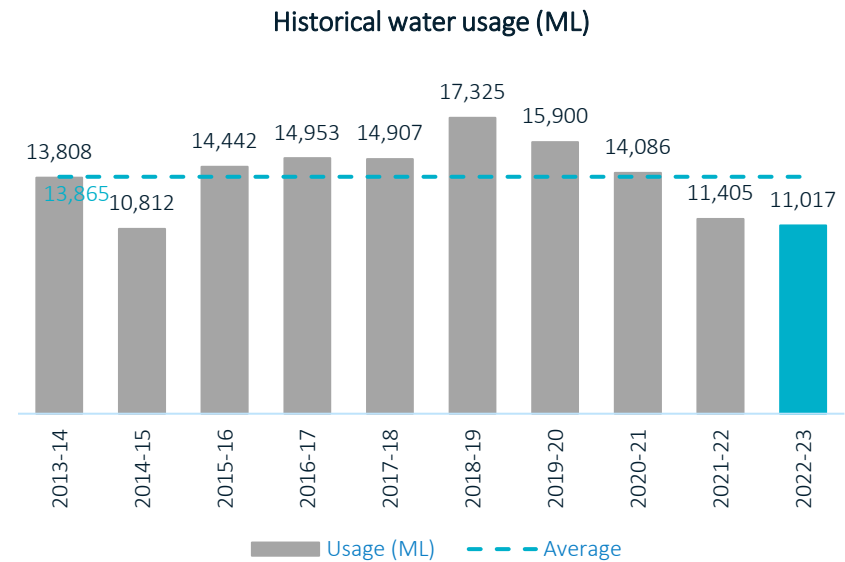
Figure 1 - Water access entitlements (as of 30 June 2023)



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 2022-23 was broadly in line with the level of the 10-year average of 13,865 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 our recent performance against selected service targets for this scheme.

Table 2 - Scheme service targets and performance

Service target		Target	Number of exceptions		
			2020-21	2021-22	2022-23
Planned shutdowns – notification	For shutdowns planned to exceed 2 weeks	8 weeks	0	0	0
	For shutdowns planned to exceed 3 days	2 weeks	0	0	0
	For shutdowns planned to be less than 3 days	5 days	0	0	0
Unplanned shutdowns – duration ¹	Unplanned shutdowns during Peak Demand Period	48 hours	1	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. This is the number of times that the unplanned shutdown has exceeded the shortest of the peak/off peak periods.

In addition, Sunwater has company-wide customer interactions service targets. Our performance in 2022-23 against these service targets is shown in Table 3.

Table 3 - Customer interactions service targets and performance

Service target	Target	2022-23
Telephone answering ¹	80.00%	92.50%
Requests actioned within Service Level Agreement (SLA) timeframes ²	> 95.00%	99.47%

- This target measures the percentage of 13 15 89 calls that are answered within 60 seconds.
- This target measures the percentage of email or workflow requests (such as property transfers and temporary transfers) to the Customer Support team that are completed within the agreed SLAs. The 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 our 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 <i>Water Supply (Safety and Reliability) Act 2008</i> .	136,300
Kroombit Dam	Spillway of roller-compacted concrete covered with facing concrete, which is flanked by earth and rock fill embankments. Classified as a referable dam under the <i>Water Supply (Safety and Reliability) Act 2008</i> .	14,600
Callide Weir	Steel sheet piled structure with three concreted rockfill steps.	506
Callide Diversion Channel	A diversion channel (consisting of 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 2022-23

In 2022-23, operating costs were broadly in line with the QCA’s recommended cost target (8.6 per cent above). Further information is provided in the pricing submission proposal and associated scheme summaries.

Outlook for 2023-24

Callide Valley Bulk Water Service Contract’s total operations budget in 2023-24 is 14.1 per cent above the 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. Summarily, electricity expenses are set to escalate due to increases in wholesale market volatility.

Sunwater’s focus in 2023-24 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 expenditure¹

	2022-23 actuals \$'000			2023-24 forecast \$'000		
	QCA	Sunwater ³	Δ to QCA	QCA	Sunwater ³	Δ to QCA
Insurance	\$424.4	\$496.1	16.9% ▲	\$434.1	\$597.8	37.7% ▲
Electricity	\$4.9	\$18.5	275.4% ▲	\$5.0	\$23.3	368.6% ▲
Operations & maintenance	\$563.6	\$757.5	34.4% ▲	\$577.3	\$777.0	34.6% ▲
Support costs	\$876.3	\$758.4	-13.5% ▼	\$897.5	\$785.3	-12.5% ▼
Total opex²	\$1,869.2	\$2,030.4	8.6% ▲	\$1,913.9	\$2,183.3	14.1% ▲

▲	△	◀▶	▽	▼
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 the 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 2022-23 actual expenditure figures presented in this table are pre-adjustment and will differ from our Irrigation Pricing Proposal and its engagement materials. Sunwater’s 2023-24 figures align with our pricing submission, these figures may differ from the budget.

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

Renewals discussion

Sunwater recovers expenditure required to renew (maintain the current level of service an asset provides) its assets via a renewals annuity. The annuity treats all renewals related expenditure as an expense (i.e., not capital) and amortises a multi-year 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.

The QCA and Sunwater closing balances differ due to differences in the expenditure profile allowed by the QCA in its 2020-24 final recommendations and actual expenditure incurred by Sunwater in 2022-23 and what we expect to spend in 2023-24.

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 2022-23

Performance against the QCA target

Sunwater updates our program of works based on our whole-of-life replacement and maintenance strategy, which looks at the risk and condition of each asset and 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 given year will differ to the program assessed by the QCA. At a project level, cost variances may also occur due to changes in the scope of work and cost inputs.

Further explanation of our performance is provided in the pricing submission and scheme summaries.

Project level cost variances

Table 7 provides a comparison of the annuity-funded projects planned for 2022-23 and the actual projects undertaken, together with justification for the variances.

Outlook

Details of the major annuity-funded projects planned for 2023-24 and 2024-25 period are set out in Table 8.

Table 6 - Annuity and non-annuity funded expenditure and roll-forward¹

Annuity funded expenditure (and roll forward)									
	2022-23 actuals \$'000					2023-24 forecast \$'000			
		QCA ²		Sunwater ⁴	Δ to QCA	QCA ²		Sunwater ⁴	Δ to QCA
Opening balance	<i>O</i>	\$(7,239.1)	➔	\$(19,230.0)	165.6% ▲	\$(6,285.8)	➔	\$(22,565.4)	259.0% ▲
Annuity funded expenditure	<i>E</i>	\$(112.2)	➔	\$(3,876.7)	3354.4% ▲	\$(605.8)	➔	\$(2,052.4)	238.8% ▲
Annuity revenue ³	<i>R</i>	\$1,382.0	➔	\$1,382.0	- -	\$1,982.8	➔	\$1,982.8	- -
Interest	<i>I</i>	\$(316.5)	➔	\$(840.8)	- -	\$(274.8)	➔	\$(986.6)	- -
Closing balance	<i>C</i>	\$(6,285.8)	➔	\$(22,565.4)	259.0% ▲	\$(5,183.7)	➔	\$(23,621.6)	355.7% ▲
<i>C = (O + E + R + I)</i>									
Other expenditure (not part of prices)									
Dam improvement program		-		\$0.0	-	-		\$0.0	-
Recreational facility projects ¹		-		\$0.0	-	-		\$0.0	-
Metered offtakes and 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 the QCA's 2020–2024 irrigation price investigation final recommendations.
3. The annuity contribution is included in the prices paid by bulk water and distribution customers. From 2020-21 to 2023-24, the annuity contribution is based on the QCA's irrigation price investigation 2020–2024 final recommendations.
4. Sunwater's 2022-23 actual expenditure figures presented in this table are pre-adjustment and will differ from our Irrigation Pricing Proposal and its engagement materials. Sunwater's 2023-24 figures align with our pricing submission, these figures may differ from the budget.

Comparison of forecast and actual annuity-funded projects for 2022-23

The below table sets out the major annuity-funded projects planned for Callide Valley in 2022-23² and the actual projects undertaken.

Table 7 - Comparison of forecast and actual annuity-funded projects for 2022-23

Facility	Activity description	Forecast \$'000	Actual \$'000	Commentary
Kroombit Dam	Risk reduction program – investigation phase.	2000	104	The project start was delayed due to insufficient resources. The project is continuing in 2023-24.
Callide Dam	Refurbish – radial gate rectification project.	915	2727	This is a multi-year project that commenced in 2020-21. The forecast budget for this year changed to \$3615k after publication. The work scheduled in 2022-23 was completed under budget.
Callide Diversion Channel	Refurbish – diversion channel fencing project (carried forward).	125	0	This project was deferred to 2025.
Callide Valley	Replace – groundwater metering to AS4747 to meet regulatory compliance.	75	92	This is a rolling annual program for our large metering fleet. This year's work required more resources than initially anticipated.
Callide Dam	Refurbish – multi-level intake based on known asset condition and age.	63	88	The market value of materials and contractors were higher than expected.
Callide Dam	Refurbish – outlet work 660 mm regulating valve No. 1.	60	61	This project was completed broadly in line with the budget.
Callide Dam	Refurbish – design and install permanent and safe access to dam seepage measurement points.	48	46	This project was completed within budget.
Callide Dam	Refurbish – inlet tower lower handrails, stairs, and platforms.	42	0	This project was deferred to 2024.
Multiple	Non-scheduled projects.	-	760	<p>Most of this expenditure relates to the following projects:</p> <ul style="list-style-type: none"> • arc flash 1 was completed to understand and assess the arc flash assets in the Service Contract from a risk category rating perspective. This is a multi-year project required to comply with updated arc flash standards and will lead into secondary program (\$30k) • 20-year comprehensive risk assessment (\$86k) • work commenced early on a multi-year switchboard replacement project. Work will continue in 2024. (\$147k) • access bridge refurbishment project original scheduled for FY22 was undertaken in FY23. (\$56k) • 2 multi-year projects to replace the main electrical switchboard and control switchboard which were originally planned for completion in a single year (FY22) (\$459k)

² Based on information extracted from Sunwater's systems in mid-2023. See the 2023 S&PP at www.sunwater.com.au/schemes/Callide-Valley/

Facility	Activity description	Forecast \$'000	Actual \$'000	Commentary
				In addition, an over accrual from a comprehensive risk assessment resulted in a credit of \$19k.
2022-23 Total		3328	3877	

Annuity-funded projects for 2023-24 and 2024-25

The below table sets out Sunwater’s currently planned annuity-funded projects for 2023-24 and 2024-25³ period for this scheme. 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 our pricing submission.

Table 8 - Forecast annuity-funded projects planned for 2023-24 and 2024-25

Year	Facility	Activity description	Forecast \$'000
2023-24	Kroombit Dam	Study – as low as reasonably possible (ALARP) investigation to evaluate dam safety risk.	576
	Callide Dam	Study – 20 yearly comprehensive risk assessment & ALARP Dam Safety Risk Evaluation	317
	Callide Dam	Replace – main switchboard based on known asset condition and age.	277
	Callide Dam	Refurbish – repair balance pipe leak between float chambers 1 and 2.	231
	Callide Dam	Refurbish – reline float chamber balance pipework between all gates based on known asset condition.	173
	Callide Dam	Study – 5-yearly comprehensive dam safety inspection based on regulatory requirements	130
	Callide Dam	Refurbish – design and construct v-notch weirs based on asset condition and safe access requirements.	115
	Callide Dam	Refurbish – outlet works guard valves based on known asset condition and age.	110
	Callide Valley	Replace – groundwater meters according to AS4747 to meet regulatory compliance.	72
	Callide Dam	Replace – valve house distribution board and inlet tower switchboard based on known asset condition and age.	46
	Callide Dam	Refurbish – drain line gate valves and investigate left embankment toe drain functionality based on known asset condition.	5
	2023-24 Total		2052
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 – arc flash risk assessment to identify arc flash hazards.	84
	Callide Valley	Replace – groundwater meters according to AS4747 to meet regulatory compliance.	74

³ The project forecasts provided in this table align with our 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
	Kroombit Dam	Study – 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 (CRA) recommendation.	25
	Kroombit Dam	Study – deformation survey based on CRA recommendation.	12
	2024-25 Total		2163