

2019/20 to 2023/24 Network Service Plan Fact Sheet

Eton Distribution Service Contract

This fact sheet details a range of proposed immediate and longer-term improvement projects, and presents a breakdown of anticipated costs. It also provides a summary of changes provided to the Queensland Competition Authority (QCA) during the current irrigation price review process for new prices commencing on 1 July 2020.

Summary of key changes

On 6 November 2018, Sunwater provided a comprehensive submission to the QCA's review of irrigation prices for the 2021–24 period. We have since updated our forecast costs to reflect changes to underlying inputs, including:

- a revised non-routine program of works, based on the latest available information (eg condition and risk data)
- a greater focus on direct charging of labour to service contracts and the splitting of local area support costs to better align with where the costs are incurred
- an increase in insurance premiums, to align with current market conditions and a revalued insurance asset base
- revised electricity escalators, which take into account more detailed site information including updated consumption data and current retail tariffs. For sites on transitional or obsolete regulated retail electricity tariffs that cease on 30 June 2020¹ or 30 June 2022, Sunwater has also corrected the year in which the step change increase is applied.
- using the scheme's 16-year average water usage over the 2002/03 to 2017/18 period to determine the Part D cost per megalitre.

These changes have been reflected in this Network Service Plan (NSP) fact sheet and Sunwater's June 2019 regulatory model, which is available at: <https://www.sunwater.com.au/customer/fees-and-charges/water-pricing-review/>.

For additional information on Sunwater's cost categories and Cost Allocation Methodology, please refer to the 2018/19 NSPs at: <https://www.sunwater.com.au/customer/products-and-services/network-service-plans/>.

¹ The Queensland Government subsequently announced that customers would have until 30 June 2021 to move to standard electricity tariffs. Due to the timing of this announcement, this extension has not been reflected in our modelling.

Irrigation charges for 2019/20

The 2019/20 charges and cost per megalitre are shown in **Table 1**. The Eton Distribution Service Contract is not expected to fully recover irrigation's share of costs. For the full suite of charges that apply, refer to Sunwater's website.

Table 1: Irrigation charges for 2019/20¹

Product	Charge type	2019/20 (\$/ML)	Cost (\$/ML) ^{2,3}	Subsidy (\$/ML)
Medium Priority Allocation Charge – Channel Distribution	Channel Distribution Charge – Part C (fixed charge based upon allocation)	38.40	77.24	38.84
Medium Priority Allocation Water – Channel Distribution	Channel Distribution Charge – Part D (variable charge based upon actual usage)	33.63	45.61	11.98

1. This table includes distribution charges only. For river charges (Part A and Part B), please refer to the Bulk Water Service Contract NSP.
2. Costs reflect lower bound cost recovery ie recovery of future replacement and ongoing maintenance and operations. Charges do not allow for any capital returns on existing assets.
3. Reflects a cost allocation to 700 ML High-A priority water for Pioneer customers that use Eton distribution system assets.

Service targets

Sunwater and customers have agreed Water Supply Arrangements and Service Targets for the Eton Distribution Service Contract. **Table 2** below sets out our performance in 2016/17 and 2017/18 against selected service targets.

Table 2: Service targets and performance

Service target	Target	Number of exceptions		
		2016/17	2017/18	
Planned shutdowns – notification	For shutdowns planned to exceed 2 weeks	8 weeks	0	0
	For shutdowns planned to exceed 5 days	3 weeks	0	0
	For shutdowns planned to be less than 3 days	2 days	0	0
Unplanned shutdowns – duration ¹	Unplanned shutdowns during Peak Demand Period	72 hours	2	1
	Unplanned shutdowns outside Peak Demand Period	5 working days		
Maximum number of interruptions ²	Planned or unplanned interruptions per water year	10	0	0

1. This is the number of times that the unplanned shutdown has exceeded the shortest of the peak/off peak periods.
2. This is the total number of bulk and distribution customers in the scheme that have been interrupted in excess of the target.

Routine expenditure

Routine (or annual) expenditure includes funds for operations activities (operations, electricity and insurance), preventative maintenance and corrective maintenance.

Table 3: Routine expenditure^{1,2}

Eton Distribution Service Contract	2015/16			2016/17			2017/18 ³		2018/19 ³		2019/20	2020/21	2021/22	2022/23	2023/24
	Sunwater Actual \$'000	QCA Recommended \$'000	Variance \$'000	Sunwater Actual \$'000	QCA Recommended \$'000	Variance \$'000	Sunwater Estimate ⁴ \$'000	2016/17 QCA Recommended (Adjusted) \$'000	Sunwater Forecast \$'000	2016/17 QCA Recommended (Adjusted) \$'000	Sunwater Forecast \$'000	Sunwater Forecast \$'000	Sunwater Forecast \$'000	Sunwater Forecast \$'000	Sunwater Forecast \$'000
Operations	1676.2	1361.6	314.6	1234.5	1397.2	(162.7)	1379.4	1432.1	1965.2	1467.9	1993.3	2321.5	2389.6	2511.1	2540.5
Labour	373.6	246.0	127.6	299.8	253.9	45.9	239.2	260.2	339.2	266.7	348.7	358.5	368.5	378.5	388.7
Contractors	1.3	4.2	(2.9)	16.9	4.2	12.7	2.0	4.3	2.0	4.5	2.0	2.0	2.1	2.1	2.2
Materials	0.5	2.3	(1.7)	0.7	2.3	(1.6)	2.1	2.3	1.0	2.4	1.0	1.0	1.0	1.1	1.1
Electricity	465.3	577.1	(111.8)	194.9	617.5	(422.6)	458.4	633.0	650.4	648.8	646.8	940.7	973.7	1059.8	1052.9
Insurance	180.0	141.4	38.6	207.5	143.8	63.7	191.1	147.4	224.6	151.1	229.2	234.5	239.9	245.4	251.1
Other	18.5	3.6	14.8	22.7	3.7	19.0	19.3	3.8	153.8	3.9	157.0	160.6	164.3	168.1	172.0
Local area support costs	321.3	-	321.3	257.8	-	257.8	177.5	-	169.0	-	173.1	177.5	182.0	186.6	191.3
Corporate support costs	114.6	236.4	(121.8)	96.3	241.6	(145.3)	123.2	247.6	254.2	253.8	260.4	267.0	273.8	280.7	287.7
Indirect costs	201.2	150.6	50.6	137.9	130.1	7.8	166.7	133.4	171.0	136.7	175.1	179.6	184.2	188.8	193.5
Preventative maintenance	685.2	676.2	9.0	707.4	676.9	30.5	858.8	693.8	1087.2	711.2	1113.0	1141.0	1169.7	1198.7	1228.4
Labour	132.4	167.9	(35.6)	121.7	173.3	(51.6)	134.3	177.6	228.7	182.1	235.1	241.7	248.4	255.2	262.1
Contractors	108.3	107.1	1.3	221.7	108.9	112.8	235.2	111.6	228.0	114.4	233.0	238.6	244.3	250.1	256.0
Materials	198.8	142.9	55.9	144.1	145.3	(1.2)	197.4	149.0	215.6	152.7	220.0	225.1	230.2	235.5	240.9
Other	8.6	1.7	6.9	6.6	1.7	4.9	15.7	1.8	11.8	1.8	12.0	12.3	12.6	12.8	13.1
Local area support costs	113.3	-	113.3	104.6	-	104.6	100.1	-	116.4	-	119.3	122.3	125.4	128.6	131.8
Corporate support costs	52.7	169.4	(116.7)	52.7	173.1	(120.4)	84.9	177.5	171.4	181.9	175.6	180.0	184.6	189.2	194.0
Indirect costs	71.0	87.2	(16.2)	56.0	74.5	(18.5)	91.2	76.4	115.3	78.3	118.1	121.1	124.2	127.3	130.5
Corrective maintenance	525.7	477.2	48.4	389.7	478.9	(89.2)	551.3	490.8	743.8	503.1	761.8	781.2	801.1	821.1	841.6
Labour	111.7	101.4	10.2	79.9	104.7	(24.8)	105.6	107.3	185.2	110.0	190.4	195.7	201.2	206.7	212.3
Contractors	78.4	101.4	(23.0)	69.7	103.2	(33.5)	72.2	105.7	78.3	108.4	80.0	81.9	83.9	85.9	87.9
Materials	73.2	101.4	(28.3)	62.5	103.2	(40.7)	91.1	105.7	73.5	108.4	75.0	76.7	78.5	80.3	82.1
Other	64.9	14.4	50.5	41.0	14.7	26.4	70.8	15.0	80.4	15.4	82.0	83.9	85.8	87.8	89.8
Local area support costs	96.0	-	96.0	68.7	-	68.7	78.9	-	94.3	-	96.6	99.1	101.6	104.1	106.7
Corporate support costs	42.1	105.8	(63.8)	31.0	108.2	(77.2)	60.8	110.9	138.8	113.7	142.2	145.8	149.5	153.3	157.1
Indirect costs	59.4	52.7	6.8	36.7	45.0	(8.3)	71.9	46.1	93.4	47.3	95.6	98.1	100.6	103.1	105.7
Routine total	2887.1	2515.1	372.0	2331.5	2552.9	(221.4)	2789.5	2616.7	3796.2	2682.2	3868.1	4243.7	4360.4	4530.9	4610.5

1. All financial figures are nominal. Totals may not add due to rounding.
2. Sunwater's 2020/21 to 2023/24 budget figures are draft as at the time of publication. These figures will not be locked down until late in the financial year prior.
3. For 2017/18 and 2018/19 Sunwater has included and reported against the 2016/17 QCA recommended costs adjusted for inflation which was assumed to be 2.5%.
4. A normalised level of direct expenditure and associated overheads were included in 2017/18 routine costs to rectify an under-representation of time-sheet reporting for direct cost activities (and partially because of the organisational changes occurring) during that year.

Annuity balance and non-routine expenditure

Annuities are managed by Sunwater on behalf of each Service Contract. They allow for customer charges to reflect a constant amount necessary to recoup the costs of refurbishment/rehabilitation of assets over a pre-determined period of time. The forecast annuity balances, and the impacts of budgeted non-routine spend, are shown in **Table 4**. Sunwater has used a 30-year planning period to calculate the annuity from 2020/21.

Details of the major non-routine projects planned for the 2019/20 to 2023/24 period are set out in **Appendix 1**.

Table 4: Annuity balance¹

Eton Distribution Service Contract	2017/18 Actual \$'000	2018/19 Forecast \$'000	2019/20 Forecast \$'000	2020/21 Forecast \$'000	2021/22 Forecast \$'000	2022/23 Forecast \$'000	2023/24 Forecast \$'000
Annuity							
Opening balance ²	(316.0)	(182.1)	(91.3)	(109.2)	(109.6)	(87.2)	(137.0)
Non-routine spend	(476.1)	(545.1)	(921.8)	(607.5)	(594.2)	(673.3)	(727.3)
Insurance proceeds receipts (if applicable)							
Prior year	-	-	-	-	-	-	-
Current year	-	-	-	-	-	-	-
Annuity contribution ³	633.7	649.6	664.2	613.4	623.0	628.6	638.3
Interest/financing costs	(23.7)	(13.6)	(6.8)	(6.4)	(6.4)	(5.1)	(8.0)
Sunwater – Closing Balance	(182.1)	(91.3)	(355.8)	(109.6)	(87.2)	(137.0)	(234.1)
QCA – Closing Balance	713.3	919.2					
Difference	(895.4)	(1010.5)					

1. All financial figures are nominal. Totals may not add due to rounding.
2. The difference in the closing balance for 2019/20 and the opening balance for 2020/21 relates primarily to expenditure incurred prior to the start of the 2012 price path. These amounts have been carried forward to 2020/21 so that they can be considered as part of the QCA's review of expenditure for the new irrigation price path.
3. The annuity contribution is included in the prices paid by customers. It was set by the QCA for 2012/13 to 2016/17 and is rolled forward with the Consumer Price Index for 2017/18, 2018/19 and 2019/20. Thereafter the annuity contribution is based upon Sunwater's forecast.

Appendix 1: Non-routine projects for 2019/20 to 2023/24

The below table sets out Sunwater’s currently planned non-routine projects for the 2019/20 to 2023/24 period. While the 2019/20 program is well defined, estimates become more uncertain further into the planning timeline. Forecasts are therefore subject to change in future NSPs, reflecting changes in project delivery timing, asset condition and risk updates, and outcomes from scheduled asset inspections.

Year	Work items	Work description	Budget (\$'000 nominal)
2019/20	Oakenden pump station – Replace switchboard and control system	Works based on an options analysis completed by GHD in 2016/17 and subsequent Sunwater review. The scope of works will reflect Option 4 of the Sunwater review which entails replacing targeted switchboard and control system components with new equipment.	303
	Oakenden main channel – Flow meter replacement (Stage 1)	Works based on completed options analysis. Works to improve metering accuracy, scheme delivery efficiency and compliance with Sunwater’s standards and Australian Standard (AS) 4747. Progress is subject to local management arrangements.	90
	Abingdon relift pump station – Pump unit guides, switchboard and control system	Replacement of the Abingdon relift pump unit guides (2 sets) and option studies to determine the most cost-effective station control system and switchboard replacement strategies.	75
	Customer meter replacements	Staged upgrade of Brightley/Oakenden, Munbura and Mt Alice meters (6) to improve metering accuracy, scheme delivery efficiency and compliance with Sunwater’s standards and AS4747.	70
	Victoria Plains Channel 21 – Replace uPVC pipeline	Section 285.6 to 866.3m to be replaced due to pipeline condition and maintenance history. Works to reinstate asset condition, and reduce system losses and operating costs.	61
	Victoria Plains pump station – Switchboard replacement	Carried forward project to complete works initiated in 2019. To be completed in 2020.	51
	Oakenden main channel – Regulating gate control upgrades	Installation of remote monitoring of Oakenden main channel regulating gates RG01 to RG09 to improve operator control and delivery efficiency.	50
	Eton scheme – Fencing refurbishments and replacements	Identified fencing upgrades, refurbishments or replacements along Oakenden and Mt Alice main channels and Victoria Plains and Brightley balancing storages.	41
	Brightley pump station 1 – Refurbish pump and motor 3	Works based on standard asset refurbishment life and equipment history. Works to reinstate equipment condition and ensure continued reliability.	36

Year	Work items	Work description	Budget (\$'000 nominal)
	Abingdon relift pump station – Bulk water meter	Options study to determine the most cost-effective replacement for the pump station bulk water meter to comply with AS4747.	30
	Brightley pump station 2 – Refurbish pump motor 1	Refurbish pump motor 1 – testing, clean, bearings and balance to ensure maximum service life and reliability.	24
	Other works	The balance of the 2019/20 program consists of isolation valve replacements, access crossing and signage works, and an unplanned capital replacement allocation.	91
	2019/20 Total		922
2020/21	Oakenden main channel – Flow meter replacement (Stage 2)	Works based on completed options analysis. Works to improve metering accuracy, scheme delivery efficiency and compliance with Sunwater’s standards and AS4747. Progress is subject to local management arrangements.	166
	Customer meter replacements	Staged upgrade of Brightley Channel 23 customer metering fleet (14) to improve metering accuracy, scheme delivery efficiency and compliance with Sunwater’s standards and AS4747.	112
	Mt Alice pump station – Refurbish pump 2 motor starter	Works based on condition assessment undertaken by GHD and asset age. Condition to be confirmed and operating history to be considered prior to commencement of works.	54
	Oakenden main channel – Refurbish regulating gates	Regulating gates to be blasted, painted, fitted with seals/bearings and anodes, and recommissioned. Works based on Sunwater’s Float Regulator Gate Strategy to retain gate condition in perpetuity.	81
	Oakenden main channel – Install subsurface drainage	Identified zones (E007) to have sub-surface drainage system installed to prevent on-going wet spots and access issues.	40
	Eton scheme – Fencing refurbishments and replacements	Identified fencing upgrades, refurbishments or replacements along Oakenden, Mt Alice and Brightley channels.	24
	Other works	The balance of the 2020/21 program consists of air vent/valve refurbishments, road refurbishments and minor pump unit works.	130
	2020/21 Total		607

Year	Work items	Work description	Budget (\$'000 nominal)
2021/22	Abingdon relift pump station – Replace switchboard and control equipment (Stage 2)	Supply, installation and commissioning of equipment. Works based on an options analysis completed by GHD in 2016/17 and subsequent Sunwater review. The scope of works will likely reflect Option 4 of the Sunwater review which entails replacing targeted switchboard and control system components with new equipment.	265
	Customer meter replacements	Staged upgrade of Brightley main channel and Channel 23 customer metering fleet (22) to improve metering accuracy, scheme delivery efficiency and compliance with Sunwater's standards and AS4747.	183
	Oakenden main channel – Regulating gate refurbishment	Regulating gates to be blasted, painted, fitted with seals/bearings and anodes, and recommissioned. Works based on Sunwater's Float Regulator Gate Strategy to retain gate condition in perpetuity.	42
	Mt Alice pump station – Replace switchboard and control equipment (Stage 1)	Design and procurement activities. Works based on an options analysis completed by GHD in 2016/17 and subsequent Sunwater review. The scope of works will likely reflect Option 4 of the Sunwater review which entails replacing targeted switchboard and control system components with new equipment.	23
	Other works	The balance of the 2021/22 program consists of Victoria Plains, Abingdon and Brightley pump station pipe works refurbishments.	81
	2021/22 Total		594
2022/23	Mt Alice pump station – Replace switchboard and control equipment (Stage 2)	Installation and commissioning of equipment. Works based on an options analysis completed by GHD in 2016/17 and subsequent Sunwater review. The scope of works will likely reflect Option 4 of the Sunwater review which entails replacing targeted switchboard and control system components with new equipment.	315
	Customer meter replacements	Staged upgrade of Brightley Channel 23, Marwood main channel and Channel 24 customer metering fleet (11) and Marwood main channel flow meter (1) to improve metering accuracy, scheme delivery efficiency and compliance with Sunwater's standards and AS4747.	93
	Oakenden main channel – Refurbish regulating gate	Regulating gate to be blasted, painted, fitted with seals/bearings and anodes, and recommissioned. Works based on Sunwater's Float Regulator Gate Strategy to retain gate condition in perpetuity.	44
	Oakenden pump station – Pump, valve and pipe refurbishment	Range of pump, pipe and valve works at the facility combined to create efficiencies. Works to reinstate valve function, and ensure effective pump priming and facility reliability.	76

Year	Work items	Work description	Budget (\$'000 nominal)
	Brightley pump station 1 – Vacuum pump	Planned refurbishment of vacuum pump (pump unit 2) to retain pump start, run safely and maintain reliable station operation.	25
	Other works	The balance of the 2022/23 program consists of valve actuators and related valve works, fencing and smaller equipment replacements and refurbishments.	120
	2022/23 Total		673
2023/24	Mt Alice pump station – Replace mains cable	Works are based on asset service life and is scheduled for 2023/24. Project may be promoted or deferred pending cable test results and efficient coordination with the switchboard and control equipment works.	152
	Brightley main channel and Channel 23 – Replace scour valves	Replacements works (27) are based on standard asset life. Valve condition to be re-assessed prior to works commencing to confirm timing and prudence.	136
	Customer meter replacements	Staged upgrade of Marwood Channel 24 customer metering fleet (13) to improve metering accuracy, scheme delivery efficiency and compliance with Sunwater's standards and AS4747.	126
	Marwood main channel – Flow meter replacement	Works based on standard asset life and performance. Works to improve metering accuracy, scheme delivery efficiency and compliance Sunwater's standards and AS4747.	65
	Oakenden main channel – Refurbish regulating gate	Regulating gate to be blasted, painted, fitted with seals/bearings and anodes and recommissioned. Works based on Sunwater's Float Regulator Gate Strategy to retain gate condition in perpetuity.	45
	Oakenden main channel – Balancing storage	Periodic refurbishment of the balancing storage overflow channel to maintain spillway capacity and condition.	34
	Other works	The balance of the 2023/24 program consists of the Mt Alice pump station pump 2 refurbishment, Victoria Plains and Oakenden re-lift pump station discharge valve and actuator works, and Oakenden main channel handrails and isolating valves.	169
	2023/24 Total		727

Contact us

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We consider and respond to all submissions, publishing all responses on our website.

This NSP 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 NSP relates, and the operations and activities actually undertaken by Sunwater during the relevant periods, may vary materially from the information contained in this NSP. This NSP should not be relied upon beyond its purpose as a tool for consultation and you should not rely on the information contained in this NSP 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 NSP or the information contained within it.