



Final Service and Performance Plan 2023

Eton Bulk Water Service Contract

10 January 2024

Contents

At a glance	2
Introduction	4
Delivering services to our customers	5
Cost of delivering services—Operating expenditure	7
Electricity in focus	8
Cost of delivering services—Annuity and non-annuity funded expenditure	9
Comparison of forecast and actual annuity-funded projects for 2022-23 .	12
Annuity-funded projects for 2023-24 and 2024-25.....	13

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 the 334 customers in this scheme are irrigators of sugar cane.

Our irrigation charges

Table 1 - Irrigation charges for 2023-24¹

Charges by tariff group 2023-24							
Eton Bulk		Irrigation charge ²		Cost-reflective charge ³		Δ to cost reflective	
Bulk Water	Part A	\$29.82	\$/ML	\$35.87	\$/ML	-\$6.05	\$/ML
High-B Priority	Part B	\$3.65	\$/ML	\$4.39	\$/ML	-\$0.74	\$/ML
Bulk Water – Local	Part A	\$29.82	\$/ML	\$35.87	\$/ML	-\$6.05	\$/ML
Management Supply	Part B	\$3.65	\$/ML	\$4.39	\$/ML	-\$0.74	\$/ML
High-B Priority							
Bulk Water – Local	Part A	\$111.32	\$/ML	\$133.91	\$/ML	-\$22.59	\$/ML
Management Supply	Part B	\$3.65	\$/ML	\$4.39	\$/ML	-\$0.74	\$/ML
High-A Priority							

- This table includes bulk water charges only. Distribution charges are set by Eton Irrigation Co-operative Ltd.
- Includes the Queensland Government's 15 per cent discount for irrigation customers. Refer to www.rdmw.qld.gov.au for more information.
- 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	\$1,897.8	\$1,730.4	-8.8%	▼
Forecast	2023-24	\$1,937.7	\$1,839.8	-5.1%	▼



Expenditure funded by the annuity

		QCA \$'000	Sunwater \$'000	Δ to QCA	
Actual	2022-23	\$426.1	\$515.2	20.9%	▲
Forecast	2023-24	\$421.3	\$1,126.7	167.4%	▲
Actual + Forecast	Σ Price path	\$1,493.8	\$2,621.6	75.5%	▲

▲	△	◄	▼	▼
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		YoY change by group
	2021-22	23,474	ML	23,410.7	
2022-23	9,396	ML	9,348.0	ML	
	-60.0%	▼	-60.1%	▼	

▲	◄	▼
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 Eton 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

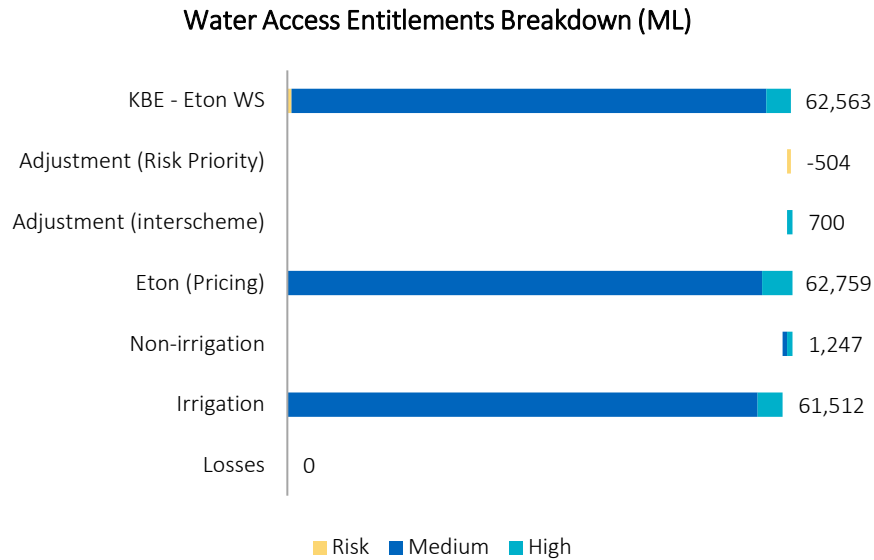
City East Qld 4002

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)¹

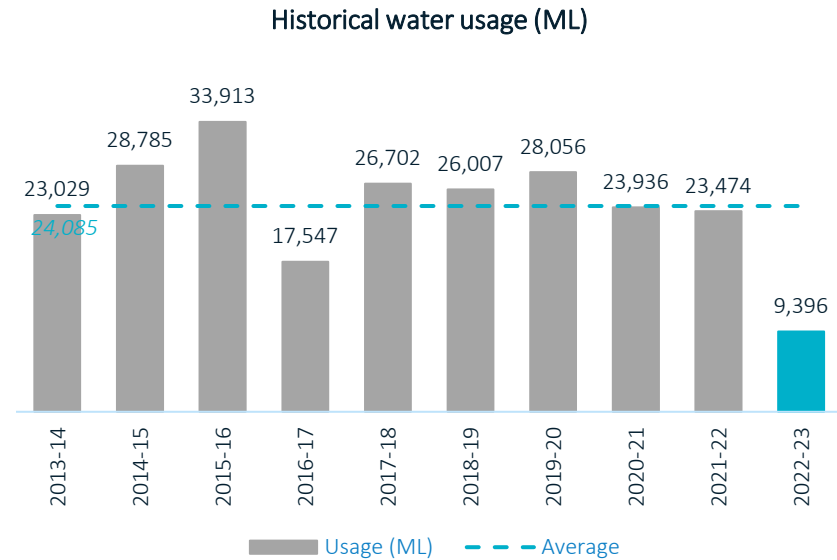


1. Includes distribution loss allocations held by Eton Irrigation Co-operative Ltd.

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 lower than the level of the 10-year average of 24,085 ML.
- Part B prices for the current period were set using a 20-year average of 25,601 ML.

Service targets

Sunwater and customers have agreed Water Supply Arrangements and Service Targets for Eton. 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 5 days	3 weeks	0	0	0
	For shutdowns planned to be less than 3 days	2 days	0	0	0
Unplanned shutdowns – duration ¹	Unplanned shutdowns during Peak Demand Period	72 hours	0	0	0
	Unplanned shutdowns outside Peak Demand Period	5 working days			
Maximum number of interruptions ²	Planned or unplanned interruptions per water year	10	0	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 customers in the scheme that have been interrupted in excess of the target.

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%

1. This target measures the percentage of 13 15 89 calls that are answered within 60 seconds.
2. 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 Eton.

Table 4 - Key infrastructure

Asset	Description	Capacity
Kinchant Dam	Earth and rock fill embankment with an uncontrolled concrete ogee crest spillway. Classified as a referable dam under the <i>Water Supply (Safety and Reliability) Act 2008</i> .	62,800 ML
Mirani Diversion pump stations 1, 2 and 3	Seven submersible pumps.	910 ML/day
Mirani Diversion Channel		860 ML/day

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 Eton.

As Eton is one of our high electricity consuming schemes this category is discussed on the following page.

Our performance in 2022-23

In 2022-23, operating costs were lower than the QCA’s recommended cost target. Further information is provided in the pricing submission proposal and associated scheme summaries.

Outlook for 2023-24

Eton Bulk Water Service Contract’s total operations budget in 2023-24 is 5.1 per cent below 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 directly contributes to Sunwater's operating expenditure.

Sunwater’s focus in 2023-24 is on performing operation and maintenance activities to a standard that ensures the scheme’s reliability and functionality while 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	\$255.9	\$286.2	11.8% ▲	\$261.8	\$344.8	31.7% ▲
Electricity	\$457.5	\$163.1	-64.3% ▼	\$462.9	\$366.9	-20.7% ▼
Operations & maintenance	\$569.2	\$759.9	33.5% ▲	\$583.0	\$588.3	0.9% ◀▶
Support costs	\$615.2	\$521.3	-15.3% ▼	\$630.1	\$539.8	-14.3% ▼
Total opex²	\$1,897.8	\$1,730.4	-8.8% ▼	\$1,937.7	\$1,839.8	-5.1% ▼

▲	△	◀▶	▽	▼
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.

Electricity in focus

Our performance in 2022-23

Sunwater continues to manage the cost of electricity. In 2022-23, Sunwater undertook the following energy improvement initiatives in Eton:

- a review of our electricity tariff selections to ensure that we are using the most cost-effective tariffs. The review focused on pump stations with no change in tariff. However, the notified pricing published by the Queensland Competition Authority for 2022-23 estimated electricity cost increases of 10% -21%².
- Continue with Operational Electricity Dashboard Reporting, regularly monitoring key electricity metrics to identify efficiency opportunities.

Outlook for 2023-24

Electricity

In 2023-24, Sunwater will continue our focus on managing the cost of electricity in this service contract. The following energy improvement initiatives are currently planned:

- annual tariff optimisation analysis has resulted in a tariff change. There was a tariff change where Sunwater requested a network reclassification from a large network to a small network. This means eligible tariffs have changed to align with the reclassification. This

resulted in an average cost reduction from 28.97 c/kWh to 25.22 c/kWh. Remaining on a large, regulated retail tariff would have increased the average cost by 4.99c/kWh.

The variability in water demand for operating this scheme results in the pump station being reclassified between a small standard asset customer (SAC) and a large SAC when the rolling 12-month average consumption is above or below 100,000kWh. Sunwater and Ergon Network can initiate this change and Sunwater proactively monitors consumption to ensure optimal tariff selection.

The notified pricing published by the Queensland Competition Authority for 2023-24 estimated electricity cost increases between 14% -27%³

- monitoring of asset energy operational performance.

Table 6 - Electricity tariff arrangements²

Pump Station	2023-24
Mirani Weir 1	Contestable ¹
Mirani Weir 3	T22C

1. *Energy rates have been negotiated as part of the electricity supply contract and are commercial in confidence as Sunwater is subject to a confidentiality agreement.*
2. *The regulated retail tariff is subject to change with variations in customer water demand or operational requirements.*

² [Regulated retail electricity prices in regional Queensland 2022–23 \(qca.org.au\)](https://www.qca.org.au)

³ [Regulated retail electricity prices in regional Queensland 2023-24 \(qca.org.au\)](https://www.qca.org.au)

Electricity Metrics

Table 7 - Electricity usage and efficiency-related metrics

Metric	2019-20	2020-21	2021-22	2022-23
Electricity usage (kWh)	1,492,668	1,725,268	1,471,487	10,544
Volume pumped (ML)	26,801	28,778	23,753	177
Actual electricity cost per ML (\$/ML pumped)	14.04	14.77	15.06	921.48
Average pump energy indicator (kWh/ML/per metre of head)	4.64	5.00	4.89	4.96

The industry guidelines are 3.4 to 4.5, depending on the size and design of the pump station with the benchmark for larger pump stations being more efficient however, this service contract has large submersible pumps and there is no industry benchmark available for this type of asset in relation to the pump energy indicator. The closest in design to compare efficiency are sewage pump stations which are expected to operate between 3.7–5.5 kWh/ML/m, depending on the size and design of the pump stations.

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 8 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 9 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 10.

Table 8 - 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>	\$ (553.4)	➔	\$ (489.1)	-11.6%	▼	\$ (227.6)	➔	\$ (249.7)	9.7%	△
Annuity funded expenditure	<i>E</i>	\$ (426.1)	➔	\$ (515.2)	20.9%	▲	\$ (421.3)	➔	\$ (1,126.7)	167.4%	▲
Annuity revenue ³	<i>R</i>	\$ 776.1	➔	\$ 776.1	-	-	\$ 791.6	➔	\$ 791.6	-	-
Interest	<i>I</i>	\$ (24.2)	➔	\$ (21.4)	-	-	\$ (10.0)	➔	\$ (10.9)	-	-
Closing balance	<i>C</i>	\$ (227.6)	➔	\$ (249.7)	9.7%	△	\$ 132.8	➔	\$ (595.6)	-548.7%	▼
<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	-		-		\$ 595.1	-	

▲	△	◀▶	▽	▼
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. 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 Eton in 2022-23⁴ and the actual projects undertaken.

Table 9 - Comparison of forecast and actual annuity-funded projects for 2022-23

Facility	Activity description	Forecast \$'000	Actual \$'000	Commentary
Kinchant Dam	Replace – install new inlet tower stairway access system (safe access).	179	124	This is a multi-year project with works progressing in future years.
Kinchant Dam	Study – comprehensive inspection to meet regulatory compliance.	170	0	This project was deferred to 2024-25.
Kinchant Dam	Refurbish – emergency spillway discharge channel drainage and earthworks.	60	22	This project has commenced and is due for completion in 2023-24.
Kinchant Dam	Refurbish – outlet works guard valves 1 and 2 (refurbish seals and bearings and replace actuators).	137	0	This project is on hold pending the completion of the comprehensive dam inspection.
Mirani pump station 3	Refurbish – pump motor starters for units 1 to 5.	61	96	Material costs were higher than initially estimated.
Scheme	Refurbish – submersible pump unit 1 based on known asset condition and age.	72	132	Pump unit 5 was refurbished simultaneously due to its condition and age.
Scheme	Replace – fire alarm system based on known asset condition and age.	30	28	This project was completed broadly in line with the budget.
Multiple	Study – planned carryover of inlet tower crack investigation works	17	17	This project was completed broadly in line with the budget.
Various	Unplanned projects	-	95	<p>Most of this expenditure relates to</p> <ul style="list-style-type: none"> the Kinchant Dam access road refurbishment project was brought forward (\$6k) 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 a secondary program (\$25k) a comprehensive flood risk assessment (\$3k) flood damage repairs from January 2023 wet season (\$61k).
2022-23 Total		726	515	

⁴ Based on information extracted from Sunwater's systems in mid-2023. See the 2023 S&PP at www.sunwater.com.au/schemes/Eton/

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 2024-25⁵ 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. The data in Table 10 is presented at a granular level and may not align with the overarching program names in our pricing submission.

Table 10 - Forecast annuity-funded projects planned for 2023-24 and 2024-25

Year	Facility	Activity description	Forecast \$'000
2023-24	Kinchant Dam	Inspection – 5 yearly comprehensive dam safety inspection to meet regulatory requirements	164
	Kinchant Dam	Refurbish – office access road based on known asset condition and age.	138
	Kinchant Dam	Refurbish – outlet works guard valves 1 and 2 based on known condition and age.	134
	Kinchant Dam	Recommendation 339b close out based on outcome of the Dam Safety CRA (comprehensive risk assessment)	115
	Kinchant Dam	Refurbish – right bank downstream slope based on known condition.	115
	Kinchant dam	Study – as low as reasonably possible (ALARP) investigation to evaluate dam safety risk.	92
	Kinchant Dam	Refurbish – outlet works regulating valve 1 based on known condition and age.	89
	Mirani pump station 3	Refurbish – submersible pump unit 4 based on known asset condition and age.	81
	Kinchant Dam	Refurbish – inlet structure trash rack based on known asset condition and age.	45
	Mirani pump station 1	Refurbish – bulkhead gates and baulks based on asset condition and age.	32
	Multiple	There are six other annuity-funded projects planned for 2023-24 related a study investigating a crack in the inlet tower, installing a gauging station at Kinchant Dam; investigating options to refurbish the core shed; discharge pipe refurbishment; replacing the lighting and power in the inlet tower; and refurbishing the outlet handrails at Kinchant Dam.	121
	2023-24 Total		1127
2024-25	Kinchant Dam	Inlet tower concept design based on outcome of the Dam Safety comprehensive risk assessment.	288
	Kinchant Dam	Dam safety comprehensive risk assessment recommendation – dam break and consequence assessment.	230
	Kinchant Dam	Dam safety comprehensive risk assessment recommendation – 3D geo model.	230
	Scheme	Instrumentation program to upgrade current instrumentation to meet new dam safety standards.	202

⁵ 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
	Mirani pump station 1	Refurbish – pump unit 1 & 2 based on known asset condition and age.	126
	Scheme	Arc Flash Program.	125
	Kinchant Dam	Water quality testing of groundwater based on outcome of the Dam Safety CRA (comprehensive risk assessment)	58
	Kinchant Dam	Replace – outlet works lighting and power based on asset condition and age.	31
	Kinchant Dam	Dam safety comprehensive risk assessment recommendation – inspect inlet tower.	29
	Kinchant Dam	Dam safety comprehensive risk assessment recommendation – assess inlet tower structure.	29
	Mirani pump station 3	Replace – supervisory control and data acquisition (SCADA) systems based on condition and age.	29
	Kinchant Dam	Dam safety comprehensive risk assessment recommendation – instrumentation testing and maintenance PRW bores.	13
	Kinchant Dam	Dam safety comprehensive risk assessment recommendation – data collection piping memo.	12
	Scheme	Dam Safety Management Program.	8
	2024-25 Total		1408