



Final Service and Performance Plan 2023

Upper Condamine 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 the 92 customers in this scheme are irrigators who grow cotton, sorghum, maize, soybean, sunflower, barley, oats, wheat and lucerne. Water also supplements the town water supplies of Warwick and Cecil Plains.

Our irrigation charges

Table 1 - Irrigation charges for 2023-24

<div> <div>\$</div> Charges by tariff group 2023-24 </div>							
Upper Condamine		Irrigation charge ¹		Cost-reflective charge ²		Δ to cost reflective	
Sandy Creek or Condamine River – Medium Priority	Part A	\$14.04	\$/ML	\$16.52	\$/ML	-\$2.48	\$/ML
	Part B	\$5.06	\$/ML	\$6.19	\$/ML	-\$1.13	\$/ML
North Branch – Medium Priority	Part A	\$14.11	\$/ML	\$16.60	\$/ML	-\$2.49	\$/ML
	Part B	\$13.80	\$/ML	\$20.69	\$/ML	-\$6.89	\$/ML
North Branch – Risk A	Part A	\$11.53	\$/ML	\$13.86	\$/ML	-\$2.33	\$/ML
	Part B	\$17.20	\$/ML	\$20.69	\$/ML	-\$3.49	\$/ML

- 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 (excluding dam improvement costs). 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	\$1,471.9	\$1,760.6	19.6%	▲
Forecast	2023-24	\$1,506.2	\$1,863.0	23.7%	▲



Expenditure funded by the annuity

		QCA \$'000	Sunwater \$'000	Δ to QCA	
Actual	2022-23	\$280.5	\$331.2	18.1%	▲
Forecast	2023-24	\$466.9	\$2,102.1	350.2%	▲
Actual + Forecast	Σ Price path	\$1,367.5	\$2,971.9	117.3%	▲

▲	△	◀▶	▽	▼
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

<div> <div>Water delivered</div> </div>	Total		To irrigators		
	2021-22	2022-23	2021-22	2022-23	
	9,431 ML	25,312 ML	7,761 ML	23,376 ML	
	168.4%	▼	201.2%	▼	YoY change by group

▲	◀▶	▼
5%	0%	-5%

<div> <div>Service targets</div> </div>	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 Upper Condamine 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.

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

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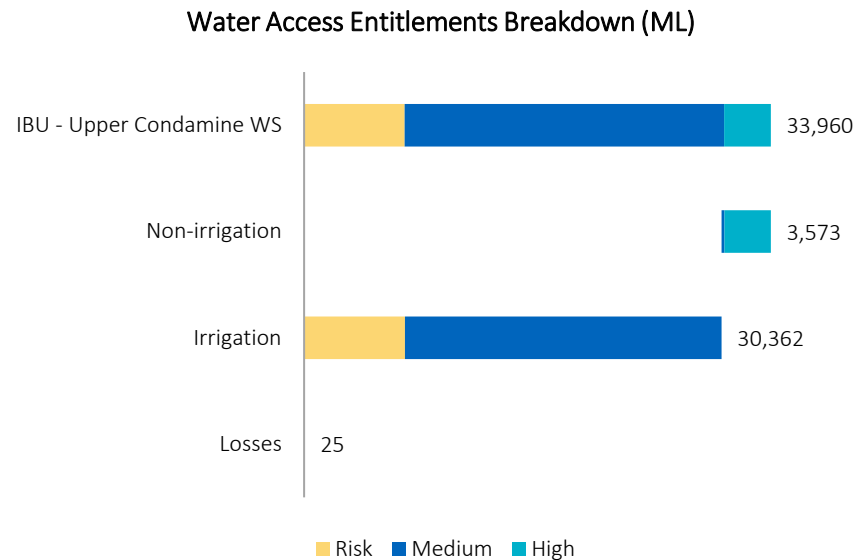
¹ All financial figures reported in this document are in nominal dollars, i.e. dollars of the day. Figures may not sum due to rounding.

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)

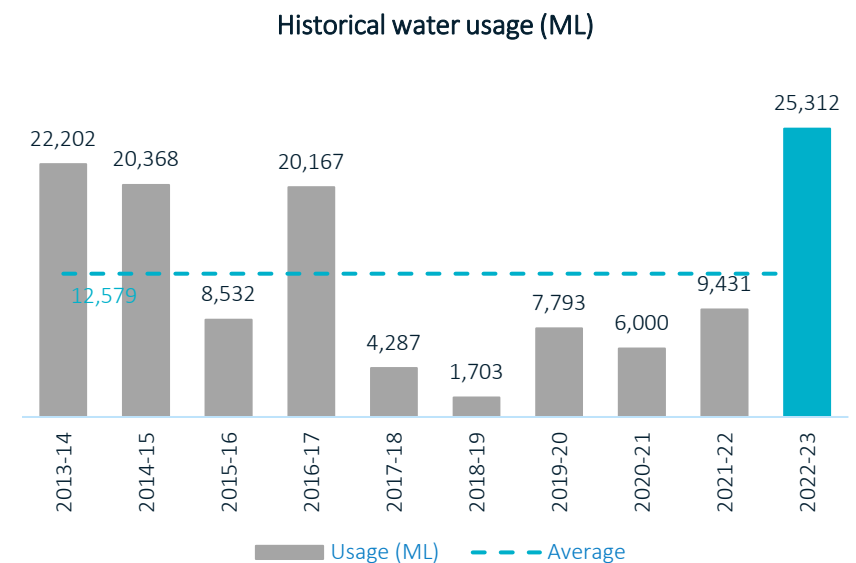


1. Figures exclude stream flow.

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 double the level of the 10-year average of 12,579 ML.
- Part B prices for the current period were set using a 20-year average of 16,157 ML.

Service targets

Sunwater and customers have agreed Water Supply Arrangements and Service Targets for Upper Condamine. 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	4 days	0	0	0
	Unplanned shutdowns outside Peak Demand Period	7 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%

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 the Upper Condamine.

Table 4 - Key infrastructure

Asset	Description	Capacity
Leslie Dam	Mass concrete gravity dam with a saddle dam. Classified as a referable dam under the <i>Water Supply (Safety and Reliability) Act 2008</i> .	106,200 ML
Cecil Plains Weir	Mass concrete with a centre spillway.	700 ML
Talgai Weir	Concrete faced earth-fill structure.	640 ML
Yarramalong Weir	Sheet piling filled with free draining sandfill under impervious clay and topped with either reinforced concrete or concreted rockfill.	390 ML
Wando Weir	Grassed flat earthen bank incorporating a v-shaped concrete sill at the head of a long and shallow rock mattress covered spillway.	310 ML
Lemon Tree Weir	Concrete faced earth-fill wall.	300 ML
Melrose Weir	Grassed earthen construction with a small curved concrete spillway.	160 ML
Nangwee Weir	Concrete faced earth-fill embankment.	80 ML
Yarramalong pump station	A pump station located on the right bank of the Condamine River and diversion to North Branch, which has three submersible pumps. Pumps from Yarramalong Weir into the North Branch system.	346 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 Upper Condamine.

As Upper Condamine 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 higher than the QCA's recommended cost target. Further information is provided in the pricing submission proposal and associated scheme summaries.

Table 5 - Operating expenditure¹

	Operations and maintenance costs - by sub-category					
	2022-23 actuals \$'000			2023-24 forecast \$'000		
	QCA	Sunwater ³	Δ to QCA	QCA	Sunwater ³	Δ to QCA
Insurance	\$171.7	\$193.3	12.6% ▲	\$175.7	\$232.9	32.6% ▲
Electricity	\$96.1	\$-	-100.0% ▼	\$97.2	\$-	-100.0% ▼
Operations & maintenance	\$463.1	\$713.2	54.0% ▲	\$474.4	\$745.7	57.2% ▲
Support costs	\$741.0	\$854.1	15.3% ▲	\$758.9	\$884.4	16.5% ▲
Total opex²	\$1,471.9	\$1,760.6	19.6% ▲	\$1,506.2	\$1,863.0	23.7% ▲

▲	△	◀▶	▽	▼
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.

Outlook for 2023-24

Upper Condamine Bulk Water Service Contract's total operations budget in 2023-24 is 23.7 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.

Sunwater's focus in 2023-24 is on guaranteeing compliance of our meters and performing operation and maintenance activities to a standard that ensures the scheme's reliability and functionality for delivering water.

Electricity in focus

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

- a review of our electricity tariff selections to ensure that we are using the most cost-effective tariffs. The review focused on the Yarramalong Pump Station and there was no tariff change; however, the notified pricing published by the Queensland Competition Authority for 2022-23 estimated electricity cost increases of 10%-21%².
- Operational Electricity Dashboard Reporting, regularly monitoring key electricity metrics to identify efficiency opportunities.

Outlook for 2023-24

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 no tariff change; however, notified pricing published by the Queensland Competition Authority for 2023-24 estimated electricity cost increases between 14%-27%³
- desktop energy audit
- monitoring of asset energy operational performance.

Table 6 - Electricity Tariff Arrangement

Pump Station	2023-24
Upper Condamine	T44

1. *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/regulation/regulated-retail-electricity-prices-in-regional-queensland-2022-23)

Electricity metrics

Table 7 sets out electricity usage and efficiency-related information for Yarramalong pump station.

Table 7 - Electricity usage and efficiency-related metrics for Yarramalong pump station¹

Metric	2019-20	2020-21	2021-22	2022-23
Electricity usage (kWh)	164,015	337,761	272,585	455,963
Actual electricity costs (\$)	48,211	99,843	76,825	175,688
Volume pumped (ML)	4584	7914	6,085	9,928
Actual electricity cost per ML (\$/ML pumped)	10.52	12.49	12.63	17.70
Average pump energy indicator ² (kWh/ML/per metre of head)	3.25	3.88	3.21	4.18

1. *Yarramalong pump station only. Electricity costs do not reconcile to figures presented elsewhere in this S&PP, which are scheme-wide and reflect Sunwater's financial model.*
2. *The 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 operations to compare efficiency is sewage pump stations which are expected to operate between 3.7 – 5.5 kWh/ML depending on the size and design of the pump station.*

A granular level of energy and water data is required to monitor pump efficiency effectively. With the installation of interval meters in early 2020 to capture energy consumption at a granular level, Sunwater is now able to more frequently monitor our performance against this metric.

The irregular operation of the pumps adds another challenge in monitoring pump efficiency on an on-going basis.

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

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

<div> Annuity funded expenditure (and roll forward)</div>												
	2022-23 actuals \$'000						2023-24 forecast \$'000					
		QCA ²		Sunwater ⁵	Δ to QCA			QCA ²		Sunwater ⁵	Δ to QCA	
Opening balance	<i>O</i>	\$1,616.0	➔	\$909.4	-43.7%	▼		\$2,190.9	➔	\$1,402.7	-36.0%	▼
Annuity funded expenditure	<i>E</i>	\$(280.5)	➔	\$(331.2)	18.1%	▲		\$(466.9)	➔	\$(2,102.1)	350.2%	▲
Annuity revenue ⁴	<i>R</i>	\$784.7	➔	\$784.7	-	-		\$791.1	➔	\$791.1	-	-
Interest	<i>I</i>	\$70.7	➔	\$39.8	-	-		\$95.8	➔	\$61.3	-	-
Closing balance	<i>C</i>	\$2,190.9	➔	\$1,402.7	-36.0%	▼		\$2,610.9	➔	\$152.9	-94.1%	▼
<i>C = (O + E + R + I)</i>												
Other expenditure (not part of prices)												
Dam improvement program		-		\$0.0	-			-		\$0.0	-	
Recreational facility projects ¹		-		\$248.0	-			-		\$0.0	-	
Metered offtakes and dividend reinvestment		-		\$162.0	-			-		\$304.0	-	

▲	△	◄►	▽	▼
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 requirement and timing for meter replacements to meet the non-urban metering standard will be reviewed based on legislative timeframes yet to be defined by DRDMW.
4. 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.
5. 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 Upper Condamine 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
Scheme	Replace – customer meters based on known asset condition and age. Requirement and timing to be reviewed based on legislative timeframes yet to be defined by DRDMW.	220	65	Failing meters were replaced. The meter validation process could not commence until direction was provided by the Department of Natural Resources Mines and Energy (DNRME). Meter validation is planned for 2025-26.
Melrose Weir	Refurbish – access road based on known asset condition and age.	24	0	This project was completed in 2022-23, however, the invoice was processed in 2023-24.
Leslie Dam	Refurbish – upstream rip rap on the saddle dam based on the comprehensive risk assessment report.	392	0	This project was deferred to 2023-24 due to water levels.
Leslie Dam	Refurbish – paint upstream face gates 6 and 7 based on known asset condition and age.	211	79	The commencement of this project was delayed until 2023. As a result, the remaining work was deferred to 2024 during warmer weather to assist with the paint drying.
Lemon Tree Weir	Refurbish – downstream toe protection works based on known condition and risk.	72	0	This project was deferred to 2023-24 due to water levels prohibiting access to the weir.
Multiple	Various projects.	164	3	The cost variance was primarily driven by the following factors: <ul style="list-style-type: none"> several projects were deferred to 2023-24 due to scope and budget changes, and resourcing issues (\$91k less) three projects to upgrade the gallery lighting (\$30k), two projects to investigate the bonding of metallic supports (\$11k) and the replacement of the supervisory control and data acquisition system (\$14k) were removed from the program. savings achieved due to packaging the project to replace safety signs with other similar projects (\$15k less).
Multiple	Non-scheduled projects.	-	183	This expenditure related to: <ul style="list-style-type: none"> assessing Sunwater's arc flash hazards to comply with new arc flash standards (\$24k). several unplanned carryover projects to refurbish two pumps (\$15k), rotork installation at Lemon Tree Weir (\$19k) and replacing the remaining mild steel trash rack guides with aluminium at Leslie Dam (\$12k)

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

Facility	Activity description	Forecast \$'000	Actual \$'000	Commentary
				<ul style="list-style-type: none"> investigating a gate fault at Leslie Dam (\$39k) and pump failure at Yarramalong Weir (\$5k) replacement of bulkhead gate seals, hydraulic cylinder, and flexible hydraulic hoses (\$49k) refurbishment of gate No.1 hydraulic cylinders (\$24k) installing a bunding for the diesel pump at Leslie Dam (\$3k) a 5-year comprehensive inspection of Leslie Dam was moved forward to assist with the development of the scope of work (\$10k).
2022-23 Total		1084	331	

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. Please note that 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	Scheme	Refurbish – meter validation and upgrades based on condition and age.	581
	Leslie Dam	Refurbish – upstream face rip rap on saddle dam based on the comprehensive risk assessment report.	58
	Leslie Dam	Refurbish – three cone valves based on known condition.	35
	Leslie Dam	Refurbish – reseal roads based on condition and age.	35
	Lemon Tree Weir	Refurbish – protection works based on current condition.	82
	Wando Weir	Refurbish – 1200mm concrete outlet pipe based on current condition.	41
	Yarramalong Weir	Replace – marker buoys based on current condition.	23
	Yarramalong Pumpstation	Replace – supervisory control and data acquisition (SCADA) computer replacement.	189
	Yarramalong Pumpstation	Replace – pump unit No. 2 & 3 motor based on asset condition and age.	138
	Scheme	Replace – customer meters based on known asset condition and age.	116
	Yarramalong Weir, Talgai Weir & Lemon Tree Weir	Study – 5-year comprehensive weir inspection based on regulatory requirements and to better understand asset condition and risk.	46
	Leslie Dam	Study – 5-year comprehensive dam inspection based on regulatory requirements and to better understand asset condition and risk.	173
	Leslie Dam	Study – comprehensive risk assessment (CRA) based on regulatory requirements and to better understand asset condition and risk.	346
	Leslie Dam	Study – options study for lighting upgrades in the operations centre building.	23
	Yarramalong Weir	Replace – electricity switchboards based on current condition.	215
	2023-24 Total		2102

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
2024-25	Leslie Dam	Arc Flash Program.	169
	Leslie Dam	Replace – upgrade electrical system switching gear, conduit, and external switches.	35
	Leslie Dam	Replace – gantry crane control equipment based on known asset condition and age.	194
	Leslie Dam	Refurbish – foundation drain cleaning.	24
	Leslie Dam	Refurbish – dual purpose meter validation and upgrades.	656
	Leslie Dam	Study – comprehensive risk assessment (CRA) based on regulatory requirements and to better understand asset condition and risk.	255
	Leslie Dam	Refurbish – continuation of upstream face rip rap based on the comprehensive risk assessment report.	309
	2024-25 Total		1643