

QCA irrigation workshop: issues arising

[This note records issues identified and views expressed by stakeholders present at the meeting. The QCA is yet to form any opinion on these issues and views. As appropriate, issues will be addressed in the QCA's final report.]

Scheme/(s): Eton WSS and distribution system and Pioneer River WSS

Location: Mackay

Date: Tuesday 24 September 2019

Pricing framework

- Discussion on the QCA's consideration of matters in the referral (in particular, the pricing principles) and section 26.

Apportionment of dam safety upgrade capital expenditure

- Proposed approach including treatment of dams with a formal flood mitigation role and treatment of dams that do not have a formal flood mitigation role, but provide informal flood management benefits.
- The use of a regulatory asset base (RAB) approach and how this approach differed from Sunwater's RAB approach.
- The interaction of the RAB and renewals annuity and the approach to allocating future costs between the RAB and the annuity.
- Whether dams were primarily built for the provision of water or for regional development.
- The cost allocation for dams that provide informal flood management benefits.
- The transition period for dam safety inclusive prices.

Costs

- Electricity costs
 - QCA's proposed approach to cost allocation and escalation factors.
 - Sunwater's supplementary submission regarding an electricity cost pass-through mechanism.
- Different treatment of dam safety upgrade capex and IGEM costs.

Draft prices

- Cost allocation between fixed and variable components of prices.
- Sunwater's supplementary submission on an access charge.
- The materiality threshold for the QCA's proposed cost review mechanism.