

Sunwater’s Irrigation Price Path 25 (IPP 25) Consultative Committee

Overview

The Queensland Farmers' Federation (QFF) has for some time advocated on behalf of our members for a stronger relationship, greater transparency and accountability, and solutions-orientated delivery for water pricing in Queensland. In a significant step forward, QFF has facilitated a joint Consultative Committee with Sunwater to ensure our members have the opportunity to be involved and have input into price path negotiations. The Consultative Committee enables QFF and our members to have direct engagement and a full understanding of the development of Sunwater's water proposals prior to going to the Queensland Competition Authority (QCA). This committee allows QFF and our members to be more engaged and provide a more transparent engagement pathway providing valuable insights throughout the price path process. This did not exist prior to the establishment of this committee.

QFF’s role in this committee is purely advisory, and QFF will be providing their own submissions to the QCA.

Summary

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| Date | July 2023 |
| Key information | Sunwater is developing a pricing proposal to submit to the QCA later this year. This proposal will inform prices for the period 1 July 2025 to 30 June 2029 in 26 price-regulated schemes for the next irrigation price path. Sunwater will engage directly with irrigation customers in these schemes, as well as peak bodies that represent irrigators at the state level. QFF and our members have formed a Consultative Committee with Sunwater to work through the different pricing components that make up the irrigation price path. |
| Stages | <p>Sunwater and the Consultative Committee are conducting a three stage process, to review and understand inputs of water pricing.</p> <p>Stage 1 (March - May 2023) - The Sunwater (IPP 25) Committee learned how irrigation prices are set.</p> <p>Stage 2 (June - July 2023) - First look at draft future prices. QFF viewed and provided feedback on Sunwater’s proposed cost and price outlines for each scheme.</p> <p>Stage 3 (August - October 2023) - The consultative committee will meet with Sunwater to view Sunwater’s pricing proposal. Once customer feedback has been provided, Sunwater will release the final proposal.</p> |
| | <p>Overview of Stage 3 feedback required</p> <p>Electricity cost pass through</p> <p>There are seven schemes Sunwater operates which incur high electricity costs due to the nature of the infrastructure in those schemes. In partnership with QFF, Sunwater has been running an electricity cost pass-through trial in six of those seven schemes. We have jointly co-designed an electricity cost pass-through proposal with Sunwater that is out for consultation.</p> |

QFF and our members are calling on industry to assess the information online to determine whether the changes will positively impact your scheme.

Service and Performance Plans Refresh (S&PP's)

Sunwater have developed a proposal to refresh the plans to make them more relevant, timely, and easier to interpret. QFF have had the opportunity to investigate pricing components associated with service performance enabling further input and understanding of how S&PP's impact pricing structure. This information is further detailed on Sunwater's website.

Sunwater are proposing a change to the way they cover renewal costs.

Renewals expenditure is required to maintain Sunwater's water supply schemes assets so that the standard of service derived from those assets is maintained over time. Sunwater currently recovers its renewals through an annuity-based approach. Sunwater has undertaken an assessment of current asset management, cost forecasting and pricing processes and as a result believes the current annuity based approach is overly complicated, inefficient and lacking in transparency. Sunwater are proposing a shift to a RAB-based approach. Through this process, QFF has worked through modelling proposed by Sunwater for varying schemes of what a RAB vs Annuity approach would look like. The QCA also provided an overview of the different approaches to the pricing process. QFF are also seeking an independent consultant to review what our members need to consider in this proposal.

QFF have had transparent conversations regarding Sunwater's pricing proposal, and the potential impacts this may have on customers throughout this process. QFF recognises that there will be issues whilst working from an annuity to a RAB approach, and that this change will impact each scheme differently.

Providing feedback

Feedback can be provided direct to Sunwater via the website listed below or to your member organisation that make up Sunwater's Irrigation Price Path 25 (IPP 25) .

Consultative Committee:

- Cotton Australia | Michael Murray, Fraser Bligh, Emma McCullagh
- Queensland Fruit and Vegetable Growers | Rachel Chambers, Gerard Kath, Angela Seng-Williams
- Canegrowers Queensland | Dan Galligan, Chris Gillitt, Joseph Borg
- QFF representatives | Burdekin River Irrigation Area Irrigators Ltd (BRIA), Bundaberg Regional Irrigators Group (BRIG), Pioneer Valley Water Cooperative Ltd (PV Water)

Sunwater is developing a proposal to submit to the Queensland Competition Authority (QCA) late 2023. This will inform irrigation prices for 1 July 2025 to June 2029.

Customer feedback required by 31 August 2023.

Next steps

Dates

Relevant resources

www.sunwater.com.au/projects/price-path/