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Secure and efficient water
through partnership and innovation

TRIM ref: D/10/5696

1 September 2010

Ms Cath Barker
Queensland Competition Authority
GPO Box 2257
Brisbane QLD 4001

Dear Ms Barker

Submission on the monitoring of wastewater distribution and retail activities in South East Queensland

We refer to the letter from Mr E J Hall dated 27 July 2010, regarding submissions on the Queensland Competition Authority's price monitoring of the SEQ Distributor-Retailers.

We previously informed the Queensland Competition Authority about the Grid Contracts between the SEQ Water Grid Manager and the SEQ Distributor-Retailers being relevant for the service standards that are provided to the SEQ Distributor-Retailers from the bulk water supply.

As a general submission, the Queensland Competition Authority should also note the following mechanisms that inform the regulatory service standards provided to SEQ Distributor-Retailers by the bulk water supply system:

- a) the SEQ Water Grid Operating Strategy – this is an instrument developed by us under the *South East Queensland System Operating Plan (SOP)* and approved by the Queensland Water Commission. It sets out how we will strategically operate the SEQ Water Grid now, and over five years, to meet the intended outcomes of the SOP and having regard to the bulk system:
 - i. capacity to meet water demands
 - ii. water security based on Queensland Government objectives
 - iii. cost efficiency
 - iv. reliability (including a reliability assessment)
 - v. water quality.

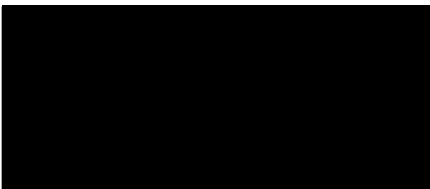
- b) the SEQ Water Grid Quality Management Plan – this is an instrument developed by us under *The Market Rules SEQ Water Market* (Market Rules) and approved by the Queensland Water Commission. It sets out how water quality is managed and monitored across the SEQ Water Grid to ensure that quality continues to comply with the *Australian Drinking Water Guidelines 2004* at the customer’s tap. An improvement plan also forms a component of this which looks at water quality related capital and operational expenditure. The SEQ Distributor-Retailers will then be required to develop a Drinking Water Quality Management Plan consistent with the SEQ Water Grid Quality Management Plan. The SEQ Distributor-Retailers’ Drinking Water Quality Management Plans are approved by the Office of the Water Supply Regulator, Department of Environment and Resource Management.
- c) Section 3.6(a)(i) of the Market Rules – this section requires us to advise the Rules Administrator, Queensland Water Commission, and Grid Participants on system capacity constraints and reliability issues from time to time. We aim to do this by way of a System Needs Assessment.

It should be noted that the above mechanisms are interrelated and need to be understood from a holistic view.

We would like to ensure that we maintain a consultative and transparent relationship with the Queensland Competition Authority, and we would be happy to meet with you to discuss the above in further detail.

If you have any questions, please contact Ms Elaina Smouha, Acting Director, Finance and Corporate Services on telephone 3247 4484 or via email at elaina.smouha@seqwgm.com.au.

Yours sincerely



Barry Dennien
Chief Executive Officer