

Kinchant Dam Water Users Association Inc.

Submission to QCA Irrigation Pricing Review Draft Report

November 2019

Introduction

This submission to the Queensland Competition Authority's (QCA) Draft Report on the Irrigation Price Review 2020-2024 is from the Kinchant Dam Water Users Association Inc. (KDWUAI). The Association was formed in 2012 to act as a representative body for SunWater customers in the Eton Distribution Scheme. The Association represents around 80% of the water allocation held in the Scheme.

In our submission below we provide additional comments on our March 2019 Submission following review of the QCA Draft Report

Non-Routine Expenditure

We note the extensive review that QCA has conducted into the renewals expenditure program submitted by Sunwater. One aspect of Sunwater's capex program that is on concern is that many projects get delayed, for various reasons, during the price path. Some delays are unavoidable, but others are due to inefficiencies within Sunwater. However, delays usually result in cost increases.

We submit that the QCA review should include investigation of projects carrying over price path determinations to ensure that inefficiency costs are not being transferred forward in pricing.

Electricity

We note that our proposal to set all electricity as fixed costs for Eton Bulk has been adopted. This is the logical situation for an off-stream storage (Kinchant Dam) where water access entitlements are only available if water is pumped up.

Eton Bulk Operations Indirect Costs - IGEM

We note in the draft report that QCA considers that the purpose of the recommendations in regard to IGEM costs is to minimise harm to downstream communities as a result of dam outflows that are directly related to the operation of dams during flood events. We would reiterate our March submission in regard to Kinchant Dam being an off-stream storage and hence, having no impact on downstream flooding.

We include again the extract from the Chief Scientist's report on the 2017 flooding event surrounding Kinchant Dam

The scientific data provided, consistent between all agencies, leads us to conclude rainfall as the dominant source of water flow in the catchment which experienced considerable flooding.

In addition, whilst not designed as a flood mitigation dam, Kinchant Dam did achieve some attenuation of peak flood flows from its catchment. However, given both the relatively small proportion of the overall catchment upstream of the dam and the timing and size of the peak dam outflows, we conclude that early release from the dam would have had little or no significant impact on subsequent flooding, due to the very heavy rainfall experienced.

We also note that the status of Kinchant Dam as an off-stream storage has been accepted by QCA in the assignment of all bulk electricity as a fixed cost.

On this basis, we consider that Kinchant Dam should receive special consideration in the apportionment of IGEM costs that is proposed to be based on referable dams in a scheme that provide flood mitigation.

QCA Regulatory Fees

The draft report indicates that regulatory costs relating to the QCA investigation are to be allocated based on water entitlements (ML) held by irrigation customers.

There needs to be clarification as to how this methodology then transposes to other water entitlements (high priority urban and industrial) in schemes in establishing the cost reflective lower bound price as the base for all entitlements. We would like to be assured that this has been considered in setting the shared cost for irrigation entitlements of QCA regulatory fees.

Jo Prior
President
Kinchant Dam Water Users Association Inc. (KDWUAI)