

16 December 2022

Attn Leigh Spencer  
Queensland Competition Authority  
GPO Box 2257  
Brisbane QLD 4001

### **Approach to climate change related expenditure – Urban Utilities response to discussion paper**

It is my pleasure to provide Urban Utilities submission to the Queensland Competition Authority's (QCA) discussion paper regarding the effectiveness of regulatory frameworks to accommodate and create appropriate incentives to manage climate change risk.

We appreciate and support the QCA's proactive approach to this important issue. Climate change is but one of a range of emerging challenges Urban Utilities must consider when making long-term investment decisions to support the liveability of our communities into the future. As a business, we must evolve to ensure our services are resilient to these challenges, and that our investment operation and maintenance decisions ensure our services remain affordable to all customers.

While not formally subject to revenue and price controls, our water and sewerage services provided are declared monopoly business activities and therefore potentially subject to investigations of pricing practices and price monitoring following Ministerial referrals or directions. It is important to us for regulatory frameworks to demonstrate how emerging changes are accommodated.

Our submission responds to the questions raised by the QCA. Our submission notes in particular:

- Proactive climate change mitigation and resilience expenditure may be required to meet the expectations of the community, customers, industry regulators and capital markets, even though it is not tied to specific legislative requirements or explicit customer outcomes (relating to traditional prudence and efficiency criteria).
- Similar expectations will begin to apply to a broader area of sustainability, particularly in the broader context of sweeping global reforms to ensure greater corporate responsibility in the areas of environment, social impact and governance.
- We agree with the QCA's view that review needs to address separately how frameworks accommodate expenditure aimed at emissions reduction, adaptation and resilience expenditure, and response to more frequent climate change events.

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Our submission provides specific examples of our experience to date in managing and responding to key weather events in our region, including our approaches to ensuring our systems remain resilient to changing weather and climate patterns. We would be happy to provide any further assistance to the QCA on any aspect of this review.

If you have any questions regarding our submission or would like further information, please contact Brendon Crown, Manager Economics and Regulation at [brendon.crown@urbanutilities.com.au](mailto:brendon.crown@urbanutilities.com.au).

Yours sincerely



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