



12 MAY 2010

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Queensland Competition Authority  
GPO Box 2257  
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Attention: Mrs Michelle Kelly

11 May 2010

Dear Mrs Kelly

**Submission regarding Gladstone Area Water Board: 2010 Investigation of Pricing Practices**

Thank you for the opportunity to review and comment on the Queensland Competition Authorities Draft Report regarding Gladstone Area Water Board: 2010 Investigation of Pricing Practices.

QER notes two areas which the QCA may wish to revisit and amend in its final report for 2010.

**Contingent Supply Strategy** - At Table 6.5 and in Recommendation 26, the allocated Capital Expenditure for Contingent Supply Strategy has been reduced to \$800,000.00. This may be insufficient for GAWB to undertake further concept design reviews to meet new or changed demand given the complexity of infrastructure planning in the region. Also, the benefits from such a strategy does not solely accrue to new consumers, hence some spreading of this cost across the whole consumer base seems appropriate.

**System Storage** - At Table 6.5 and in Recommendation 26, we note that the allocated Capital Expenditure for System Storage Project has been reduced to \$2 million from \$22 million. We would comment that perhaps the Authority should afforded GAWB the opportunity to further review this impact, as the proposed \$2 million may not be sufficient to affect any cost effective System Storage over the next five years given the potential for augmentation works to offset other works.

Should there be any questions, please contact Mr. Richard Seton, Manager, Infrastructure on 3222 0610.

Yours faithfully

  
Pearce Bowman  
Chief Executive Officer, QER Group

CC: Bernadette Le Grand, Commercial Manager, Gladstone Area Water Board