

Updated Round 2: Information Document – FAQs

The following are answers to frequently asked questions. They are provided to assist prospective customers.

What is the water product?

Question: Where will the water for this new scheme come from?

Answer: Wivenhoe Dam.

Question: What is the reliability of water from the new scheme?

Answer: Over thirty years the average modelled **reliability is about 75%**. However, due to changing demand from water customers in south east Queensland as well as allowing for changing climatic conditions, this reliability changes over time.

Assuming the scheme takes 50GL per annum and customers use 90% of water:

- Reliability at the start of the scheme is **94%** (e.g. 2023 to 2024)
- Reliability falls to about **52%** twenty years later (e.g. by 2043 to 2044)
- Assumption that Seqwater builds another source of water for SEQ, reliability is forecast to quickly rise to **78%** (e.g. around 2044), after which time it again declines over time prior to future augmentations of Seqwater's bulk supplies. Modelling only went to 2050.

Question: What does 75% reliability mean?

Answer: This means that, on average, customer can expect to be supplied with water from the Project 75% of months over the long-term. It does not mean that customers can expect to be supplied with 75% of their contracted volume each and every month, nor every year.

Question: Will the water supply right be tradeable?

Answer: Yes. You will be able to do temporary or permanent trades. Flow rates (L/s) may also be traded.

Question: What is the length of the water supply contract?

Answer: 25 or 30 years with an expected option to extend for same period (i.e. another 25 or 30 years).

Question: What happens at the end of the water supply contract?

Answer: At the end of the first term, irrigators will have the option to extend for the same period.

The State Government will make the decision. Seqwater and the scheme owner / operator (e.g. Lockyer Water Pty Ltd, which will be owned by customers) will be key parties to the discussion.

Question: What is the pressure in the pipeline?

Answer: The minimum guaranteed pressure is 5 meters of head or 50kpa (7psi) at the outlet.

This will be a function of the outlet's relative position on the pipeline. Some properties may receive up to a maximum of 50 meters head or 500 kpa (70psi).

Based on Round 2, but after the detailed business case when engineering designs are further advanced, actual pressure range at the outlet will be made available to prospective customers.

Water for the Lockyer – Detailed Business Case

Question: What is the design volume and delivery period for the scheme?

Answer: The design assumes 50,000 ML delivered over 330 days (averaging 152 ML per day capacity).

Question: What is the flow rate?

Answer: Flow rate is your nominal volume (the amount you purchase) divided by 330 days (see table).

Purchased volume per connection (ML)	ML per day	Litres per second
990	3.0	34.7
660	2.0	23.1
330	1.0	11.6
200	0.6	7.0
100	0.3	3.5
50	0.2	1.8
20	0.1	0.7

Question: Will I need on farm storage?

Answer: Probably. This varies for each farm, but on-farm storages will be helpful given the low flow rates.

How much will the project cost?

Question: How much will the scheme cost to build?

Answer: \$160 million (with 90% certainty). Subject to change / design alterations from Round 2 demand.

Question: How much will customers (private sector and local government) invest in the scheme?

Answer: Up to 50% or \$80 million.

Question: How much will government invest in the scheme?

Answer: Government has made no promises, but we will request at least 50% or \$80 million.

Project has strong economic benefits creating jobs, food security, solar power, tourism and public interest from filling local dams (e.g. better performance which may decrease future CSOs).

What are the water prices for new water?

Question: How much capital will I pay upfront for the water right and when?

Answer: \$1,600 per ML one-off to own the water right comprised of:

- 2% (\$32/ML) deposit when you sign a water sales contract (e.g. early 2021)
- 8% (\$128/ML) deposit when government approves construction (e.g. mid to late 2021)
- 90% (\$1,440/ML) upon practical completion of the scheme (e.g. mid to late 2022).

Question: How much are the fixed annual charges?

Answer: Fixed charge (including the three charges below) will be about **\$260/ML** per annum.

Question: How much are the variable annual charges?

Answer: Variable charges for metered water use are the pumping cost to your zone. If water is delivered via one pump you will pay less. If your water is lifted by two or more pumps, you pay more.

Tariff No.	Name of Tariff and Areas in Zone	Tariff D (\$/ML)
1	Mainline Zone 1: Wivenhoe, Lockyer Creek and Patrick Estate (Tariff 1)	11
2	Mainline Zone 2: Atkinson, Buaraba, Brightview, Glenore Grove, Crowley Vale, Morton Vale Pipeline	25
3	Mainline Zone 3: Gatton, Lawes, Forest Hill, Redbank Creek and Lake Dyer	39
4	Mainline Zone 4: South Gatton, Grantham, Lower Tenthill and Winwill	50
5	Line Zone 5: Lake Dyer, Laidley South to Mulgowie	53
6	Line Zone 6: Mulgowie to Thornton	68
7	Line Zone 7: Upper Tenthill, Caffey to Mt Sylvia	67
8	Line Zone 8: Mt Sylvia to Woodbine	82
9	Line Zone 9: Ma Ma Creek to Mount Whitestone	61
10	Line Zone 10: Carpendale, Lilydale, Flagstone Creek, Helidon and Withcott	64

Question: What are the total annual charges?

Tariff No.	Name of Tariff and Areas in Zone	Fixed – Part A, B & C (\$/ML pa)	Variable – Part D (\$/ML)	Total - Annual charge (\$/ML)
1	Mainline Zone 1: Wivenhoe, Lockyer Creek and Patrick Estate (Tariff 1)	260	11	271
2	Mainline Zone 2: Atkinson, Buaraba, Brightview, Glenore Grove, Fernvale, Crowley Vale, Morton Vale Pipeline	260	25	285
3	Mainline Zone 3: Gatton, Lawes, Forest Hill, Redbank Creek and Lake Dyer	260	39	299

Water for the Lockyer – Detailed Business Case

4	Mainline Zone 4: South Gatton, Grantham, Lower Tenthill and Winwill	260	50	310
5	Line Zone 5: Lake Dyer, Laidley South to Mulgowie	260	53	313
6	Line Zone 6: Mulgowie to Thornton	260	68	328
7	Line Zone 7: Upper Tenthill, Caffey to Mt Sylvia	260	67	327
8	Line Zone 8: Mt Sylvia to Woodbine	260	82	342
9	Line Zone 9: Ma Ma Creek to Mount Whitestone	260	61	321
10	Line Zone 10: Carpendale, Lilydale, Flagstone Creek, Helidon and Withcott	260	64	324

Other questions

Question: How much renewable energy has been incorporated in the scheme?

Answer: About 7MW (7,000kW) of solar PV has been included in the \$1,600/ML capital charge.

No battery storage has been included at this stage. However, that remains a future option.

Question: Will water from Wivenhoe be stored in the three local Lockyer Valley dams (i.e. Atkinson, Lake Clarendon and Lake Dyer)?

Answer: Yes, because the capital cost of connecting the dams is only \$1 million and benefits include:

- Local dams increase the reliability of the new product by about 4% pa
- Existing Seqwater customers are no worse off
- Additional benefits include higher water levels and increased recreation and tourism

Question: Will Wivenhoe Dam need to be topped up with Western Corridor Recycled Water plant?

Answer: Yes. That is the basis of this project. Alternative solutions have failed.

Using Wivenhoe Dam water, supported by the Western Corridor Recycled Water plant, ensures that the project will not impact urban and industrial water security. Wivenhoe Dam water, topped up with purified water, is the only way water will be affordable and the scheme viable.

Water coming straight from the Western Corridor scheme at \$1,000/ML+ is not affordable for irrigators or government. If irrigators paid \$205/ML, for example, the CSO (subsidy) payable by government would be \$40 million per annum and >\$1 billion over 30 years.

Question: In Round 1 Demand Assessment, how much demand was there?

Answer: At \$1,000/ML demand was 49,250ML. At \$2,000/ML demand was about 26,700ML.

Water for the Lockyer – Detailed Business Case

Question: From Round 1, how many customers could not be connected to the scheme?

Answer: Only 8 land parcels were over 4km from the pipeline. Unless demand increases in that area, reducing capital cost per ML, it may be too expensive to connect these customers.

Question: Who will own and operate the scheme?

Answer: The scheme will be locally owned and managed, for example, Lockyer Valley Water Pty Ltd.

Question: What is our goal for the Round 2 Demand Assessment?

Answer: The goal is 50,000ML of demand at \$1,600/ML customer capital contribution.

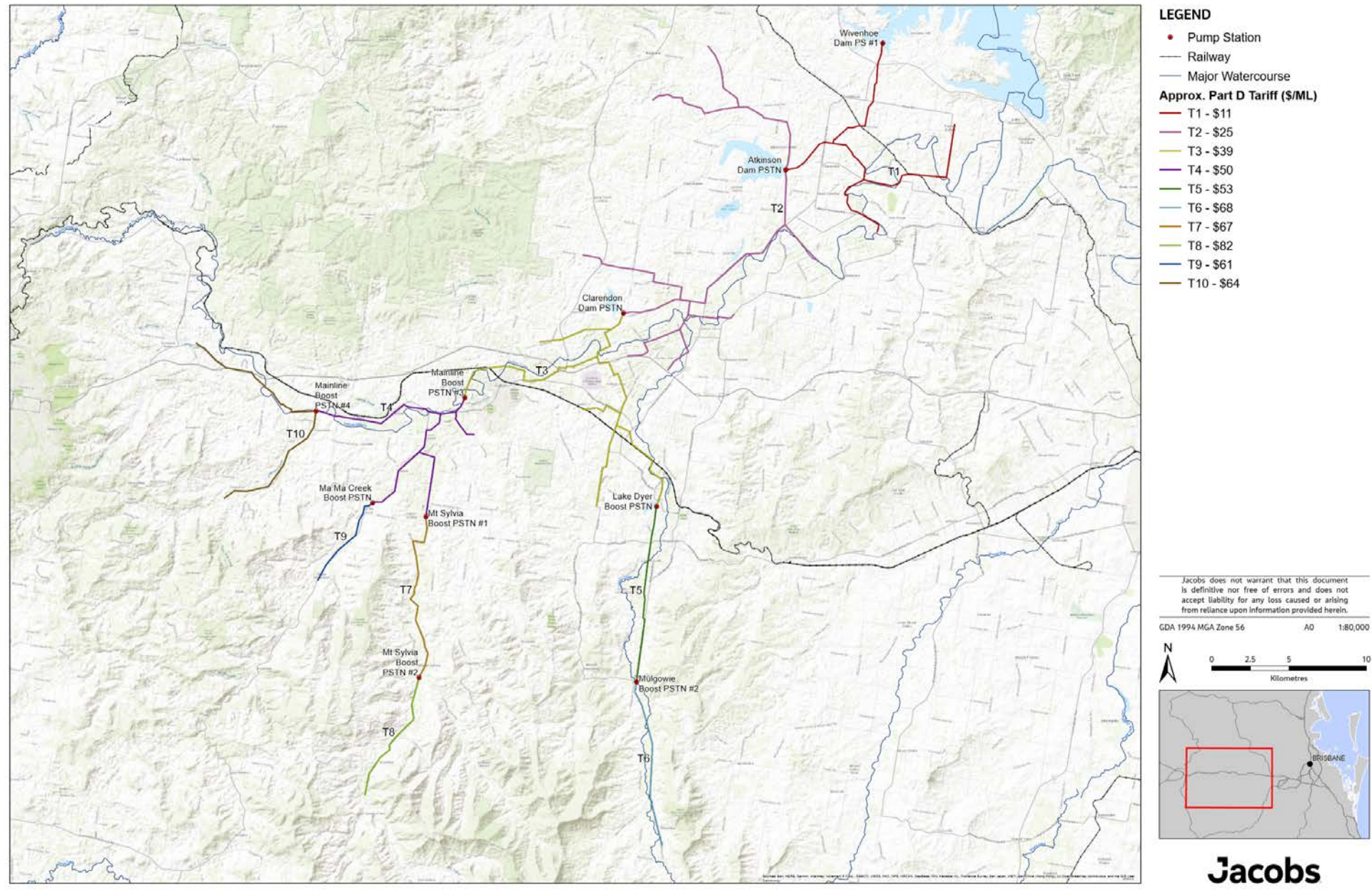
We need at least 45,000ML (90%) so the project can proceed without extensive modifications.

Question: What is the due date for Round 2 – Letter of Intent form?

Answer: Monday, 13 July 2020.

Attachment 1: Map of new pipelines, pump stations and pricing zones

Lockyer Valley DBC - Round 2 – Variable Pumping Cost (Part D Tariff)



Jacobs