



Pioneer Valley Water Co-operative Limited.

A co-operative formed under the *Cooperatives Act 1997*.
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Queensland Competition Authority
GPO Box 2257
BRISBANE QLD 4001

Dear Sirs

RE: SunWater Submission to QCA Draft Report on Irrigation Water Price Review

This submission provides our comments on the submission by SunWater to the QCA Draft Report – SunWater Irrigation Price Review 2012 – 2017.

We would raise the following comments in addition to our submission of 19 December 2011 in three specific areas of the SunWater submission – Palm Tree Creek Valve, Marian Weir Outlet and Mirani and Dumbleton Weir rubber dams in the Pioneer River Water Supply Scheme.

Palm Tree Creek Valve

It is our understanding that SunWater in their submission is requesting that an amount of \$1.042 million be allowed under past renewals expenditure for this project compared to QCA's recommended \$912,000. Further SunWater are requesting that \$770,000 be included in renewals for 2012-17 for the next rectification attempt of the valve.

Our submission of 19 December expressed our view that the process to rectify the Palm Tree Creek outlet had been far from prudent and efficient and that QCA were extremely generous in allowing past expenditure of \$912,000. This is based on the fact that following failure of the first valve (GE Energy/Kvaerner valve) through excessive turbulence and vibration in the discharge chamber a very similar valve (AVK/Glenfield valve) was then installed and suffered a similar fate. Surely a prudent organisation would have fully assessed the failure of the first valve, identified the failure mode and then designed an appropriate replacement in full knowledge of the potential high velocities and consequent turbulence and vibration.

SunWater's submission in Appendix 2 of Attachment 2 states

"The engineering challenge for this project is to effectively manage the high energy generated by the dynamics of the pipeline system."

Neither the dynamics of the pipeline system nor the pipeline itself have altered since Teemburra Dam and the Palm Tree Creek Diversion were designed and constructed during the 1990's. The engineering challenge has been there since inception of the project and has not been adequately addressed to date. In regards to the previous valves installed, SunWater in Appendix 2 in the discussions on jet velocities in the outlet chamber state

"This velocity induced vibration is the root cause of the premature failures of the Kvaerner and Glenfield valves used in the past".

Surely this must demonstrate a serious lack of prudence to have not one but two valves fail for the same reasons under circumstances that existed for the initial design of the system. Consequently we contend that no expenditure associated with the Glenfield valve should be allowed in past renewals. Further no part of the proposed 2012-17 cost should be allowed as the original design of the outlet appears to have been sub-standard and appropriate action was not taken immediately following failure of the first valve to reassess the design. It is our position that the only past cost that could be considered prudent is the efficient costs for peer review of the modelling and valve selection as determined by SKM.

Marian Weir Outlet

SunWater in Appendix 1 of Attachment 2 of their submission quite correctly state that the drivers for the Marian Weir outlet upgrade are the Water Resource Plan (WRP) and Resource Operations Plan (ROP) statutory requirements. Unfortunately their lengthy explanation of the legislation fails to advise that legislated processes also exist for review and/or amendment of both Plans.

The Water Resource (Pioneer Valley) Plan was gazetted in December 2002 and under the Statutory Instruments Act 1992 must be reviewed after 10 years. This review is scheduled for 2012/13 and we have had some preliminary discussions with the Regulator (Department of Environment and Resource Management) over provision of data for an update of the hydrological model of the Pioneer River system which is the basis of a WRP.

With the 10 year review of the WRP imminent this provides the logical mechanism to re-examine the hydrology of the Pioneer River system and model the impacts on Water Allocation Security Objectives (WASOs) and Environmental Flow Objectives (EFOs) for the system under the range of options for Marian Weir operation including non-engineering alternatives to increasing the outlet capacity. Further the statutory water planning process established by the Queensland Government requires extensive consultation with all stakeholders. This forum will provide the opportunity for stakeholders to be fully informed of the various options and would include likely costs to end users for those options.

On this basis we fully support the QCA position of excluding all costs associated with Marian Weir outlet upgrade from tariff determinations until such time as appropriate options analysis and customer consultation have been conducted. This can largely be achieved through the WRP review process.

Mirani and Dumbleton Weirs Inflatable Rubber Dams

The submission by SunWater raises some very major concerns particularly with the apparently arbitrary costs presented for both baseline replacement cost and reinstatement with alternative structures. The SunWater costs show no comparison to weir crest length or height of temporary storage. Rubber dam heights vary from 1.2 metres at Bedford Weir to 2.0 metres at Dumbleton Weir and crest lengths vary from 120 metres at Mirani Weir to 185.9 metres at Bedford Weir. With these variations it would be

expected that cost estimates particularly for reinstatement would show some differences over the four weirs. SunWater should be required to provide much improved cost estimates prior to any further considerations on the matter.

Also funds have been collected by SunWater during previous price paths for renewal of the fabric dams. It is not clear if these revenues have been included by SunWater in their latest submission.

As discussed in this submission on Marian Weir outlet upgrade the matter of reinstatement of the temporary storage on the two Pioneer weirs should be addressed through the WRP review process. This would allow for the non-engineering option to be considered and modelled under the process. It would also provide an appropriate forum for stakeholder consultation.

We trust that this submission is of assistance in your irrigation pricing and we would be happy to provide any further information that you may require.

Yours sincerely

J R Palmer
MANAGER