

## Emerald workshop—issues raised

*This note records issues identified and views expressed by stakeholders present at the QCA's initial workshop for the 2025-29 irrigation pricing review. The QCA is yet to form any opinion on these issues and views. As appropriate, issues will be addressed in the QCA's draft report.*

**Schemes:** Nogoa-Mackenzie

**Date of workshop:** 8 February 2024

Topic	Issues raised
Sunwater's proposed costs	<ul style="list-style-type: none"> <li>Stakeholders were concerned that Sunwater's proposed scheme costs were unreasonable and wanted the QCA to investigate cost drivers.</li> <li>Stakeholders were concerned about the cost of the billing system, including the total cost and how the costs are allocated.</li> <li>Stakeholders were also concerned with increases in overheads, direct opex, insurance costs and renewals.</li> </ul>
Government's pricing policies	<ul style="list-style-type: none"> <li>Stakeholders sought an explanation of how prices transition to lower bound.</li> </ul>
RAB vs annuity approach	<ul style="list-style-type: none"> <li>Stakeholders were interested in how a regulatory asset base (RAB) approach would work and welcomed an independent review of the respective approaches by the QCA.</li> <li>It was noted that customers need protection against prices being above lower bound under a RAB approach.</li> <li>A stakeholder wanted to know what happens to expenditure on approved projects that do not ultimately go ahead, under both a RAB and annuity approach.</li> <li>There was a concern that a 75-year asset life was too long for recovering the negative annuity balance as an opening RAB balance.</li> <li>One stakeholder questioned what was included in the weighted average cost of capital used in the RAB approach.</li> </ul>
Customer engagement	<ul style="list-style-type: none"> <li>Stakeholders expressed some scepticism about survey results and said that the QCA should be careful about interpreting survey results in different areas.</li> </ul>