

Expansion of the Barossa Infrastructure Ltd (BIL) Scheme

Background

The original proposal for the BIL scheme was for 10,000 Megalitres (ML) per annum with 6,000 ML of Premium Water and the balance Off Peak. Water consumed by customers increased gradually from 4,500 ML in the first full year, 2002/2003, until the initial capacity of 7,000 ML was reached in 2011/2012. Introduction of water from the Community Wastewater Management Scheme (CWMS) in 2011/12 allowed expansion to 7,250 ML.

Following significant interest, the Company sought registrations of interest in expanding the scheme as provided in the Water Transport Agreement with SA Water. Registrations were received for about 1,400 ML, of which 750 ML was confirmed when deposits were paid. Board approval for the expansion was given in February 2014 for expansion in the 2014/2015 water year to a capacity of 8,000 ML per annum.

Further registrations were received and in parallel BIL sought funding so that more water could be pumped to the north of the Barossa. This would have permitted a staged expansion to 10,000 ML if it were successful. Unfortunately the grant funding application was not successful. A decision to proceed to 9,000 ML was made in February 2015 and this was fully subscribed. As previously advised, nearly 90% of the additional water was taken up by existing customers.

Further Expansion to 10,000 ML

Registrations of Interest have been now received for over 1,600 ML. However the majority of this has been for Premium Water and there is no capacity for the increased flows in most areas and the expansion costs are such that selling only Off Peak Water would not raise sufficient funds - the SA Water costs alone would be at least \$4.5 million.

Registrants were advised by email of the situation and asked to indicate how much Premium Water could be taken without an increase in flow. Thank you to those who responded. Unfortunately it remains insufficient to justify the expansion.

BIL is considering a number of options to meet this demand including

- 1 a further approach to existing customers to see if they are able to take additional Premium Water without an increase in flow
- 2 introducing a new class of water, priced between Premium and Off Peak, that would either allow for higher flows in September and October or taking at existing Premium Flow rates from November to March - this would be subject to shareholder approval
- 3 BIL constructing storage(s) in the area of proposed demand, possibly in partnership with customers, that would enable supply outside the Premium period to fill the storage and subsequently be pumped back into the system - the area would be about 11 Ha with no rock to a depth of 5 or 6 metres to minimise the risk to the final cost
- 4 sourcing this additional water from the Stockwell pipeline -likely to be at a higher cost

The enclosed form seeks to determine what customers want. It is without any final commitment. Customers who have not previously registered their interest should also complete the form as it will assist in future planning.

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Please advise your future water needs and return this form by 17 March 2016. There is no obligation and no commitment by Barossa Infrastructure to proceed with the expansion. If it proceeds it is not likely to be available until October 2017.

Please provide full contact details:

Legal Name of Applicant _____

ACN / ABN _____

Contact Person _____

Postal Address _____

Phone/Mobile _____

Email Address _____

Premium Water Requirement ____ Megalitres/Year Additional Flow Required Yes / No

Off Peak Water Requirement ____ Megalitres/Year

Have you an existing application Yes / No

(New Customers) Proposed Location _____

If possible, please attach a map indicating your preferred connection point

(Existing Customers) Customer Number ____

BIL Property ID Number ____

Email: info@barossainfrastructure.com.au

This is your space – please use it to provide comments and ideas:
