

Clarification of 2022 Essential Water Final Technical Report

30 November 2022

1. The title of this notice is Clarification of 2022 Essential Water Final Technical Report.
2. This notice commences upon its publication on IPART's website.
3. This notice has been issued to correct errors in Table 5.10 of the Final Technical Report – Review of Essential Water's process for the wastewater services in Broken Bill (**Essential Water Final Technical Report**) published on 10 November 2022.
4. By this notice, in Table 5.10 of the Essential Water Final Technical Report, IPART substitutes the figures in:
 - a. Row 17 (shown as 'Row 17 (omitted)'; in Table 1 below) with the figures corresponding to each column of Row 17 in the row 'Row 17 (substituted)' in Table 1; and
 - b. Row 18 (shown as 'Row 18 (omitted)' in Table 1 below) with the figures corresponding to each column of Row 18 in the row 'Row 18 (substituted)' in Table 1.

Table 1 Corrections to Table 5.10 of the Essential Water Final Technical Report

		2022-23	2023-24	2024-25	2025-26	Total
Row 17 (omitted)	Government WaterNSW Pipeline Subsidy	23.5	20.8	20.5	20.5	85.3
Row 17 (substituted)	Government WaterNSW Pipeline Subsidy	23.1	20.7	20.9	20.1	84.8
Row 18 (omitted)	<i>Difference between NRR and target revenue (including government subsidies)</i>	-1.6	-1.1	-1.2	-0.5	-4.4
Row 18 (substituted)	<i>Difference between NRR and target revenue (including government subsidies)</i>	-2.0	-1.3	-0.8	-0.8	-4.9

Note: Clause 4 will correct the errors such that Table 5.10 will be read as follows:

Table **Error! No text of specified style in document..2** Decision on notional revenue requirement for water (\$ millions, \$2021-22)

Water	2019 ^a	2022-23	2023-24	2024-25	2025-26	Total
Essential Water proposal						
Total notional revenue requirement		46.6	44.2	44.3	44.6	179.8
IPART decision						
Operating expenditure (excluding Pipeline costs)	10.4	12.3	11.4	11.1	10.2	44.8
Bulk water purchases (i.e. Pipeline costs)	26.3	23.5	20.8	20.5	20.5	85.3
Regulatory depreciation	2.2	2.5	2.7	2.8	2.9	10.8
Return on assets	4.8	3.2	3.4	3.6	3.6	13.8
Working capital allowance	0.2	0.2	0.2	0.2	0.2	0.7
Tax allowance	0.2	0.0	0.1	0.1	0.2	0.4
Cost of debt true up		-0.9	0.0	0.0	0.0	-0.9
DVAM true up		0.6	0.0	0.0	0.0	0.6
Inflation adjustment for 1 January 2023 start date		0.4	0.0	0.0	0.0	0.4
NRR for water	44.0	41.8	38.5	38.2	37.5	156.0
Target revenue		16.6	16.5	16.5	16.5	66.1
Government subsidy for chlorinated water		0.01	0.01	0.00	0.00	0.02
Government subsidy for untreated water		0.04	0.03	0.02	0.02	0.11
Government WaterNSW Pipeline subsidy		23.1	20.7	20.9	20.1	84.8
<i>Difference between NRR and target revenue (including government subsidies)</i>		-2.0	-1.3	-0.8	-0.8	-4.9

The figures presented in the column headed 2019, are the average allowance over the 2019 determination, adjusted for inflation.

Source: IPART analysis.

Note: This clarification notice does not apply to IPART's November 2022 determination titled 'Maximum prices for water and wastewater services supplied by Essential Energy in Broken Hill' (**2022 Essential Energy Determination**). The figures in the 2022 Essential Energy Determination are correct.