

# Media Release

22 June 2023

## One percent price increase to customers will support SDP's new flexible role

IPART has set the prices Sydney Desalination Plant Pty Ltd (SDP) can charge for its services from 1 July 2023. SDP levies these charges on Sydney Water who passes these costs onto its customers across the Greater Sydney region.

Our decisions recognise SDP's new, flexible full-time operation role under its new Network Operator's Licence.

"The plant will contribute to Greater Sydney's water security by remaining operational both in and outside of droughts."

"Historically SDP was utilised mainly as a drought response measure and only relied upon when Sydney's water storage levels were low," said IPART Tribunal Member Sandra Gamble.

A typical Sydney Water customer bill will increase by less than 1% or around \$10 per year for a typical residential customer. This is because, under IPART's decisions, prices for SDP's services to Sydney Water will increase by around 8% in 2023-24 and the cost of SDP's services makes up less than 10% of Sydney Water's costs.

The price increase is driven by increases in expenditure that outweigh reductions in interest rates since we last set SDP's prices. Efficient expenditure has increased to reflect SDP's new flexible operating role as set out in its new licence.

"We have struck a fair balance in risk sharing between SDP, Sydney Water and its customers. Our decisions encourage SDP to manage its business and cost risks in line with customers' long-term interests."

"We have also updated SDP's incentive mechanisms to align them with its flexible role and encourage it to operate efficiently both now and into the future for the benefit of water customers in Greater Sydney," said Ms Gamble.

The Final Report, Methodology Paper and Determination are available via IPART's [website](#).

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