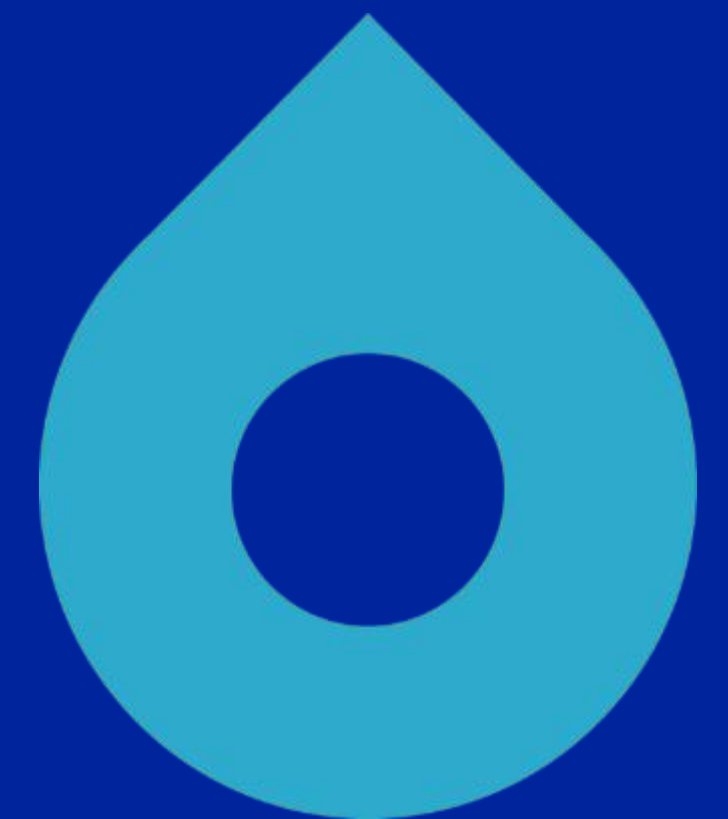


# **IPART Regulatory Framework Review – How we regulate the water businesses**

Draft Report – Delivering customer value  
Public Hearing  
16 August 2022





A photograph of a rock wall with ancient handprints. The rock is dark and textured, with several handprints visible. A blue circle graphic is at the top center. The text is overlaid on the left side of the image.

# Acknowledgement of Country

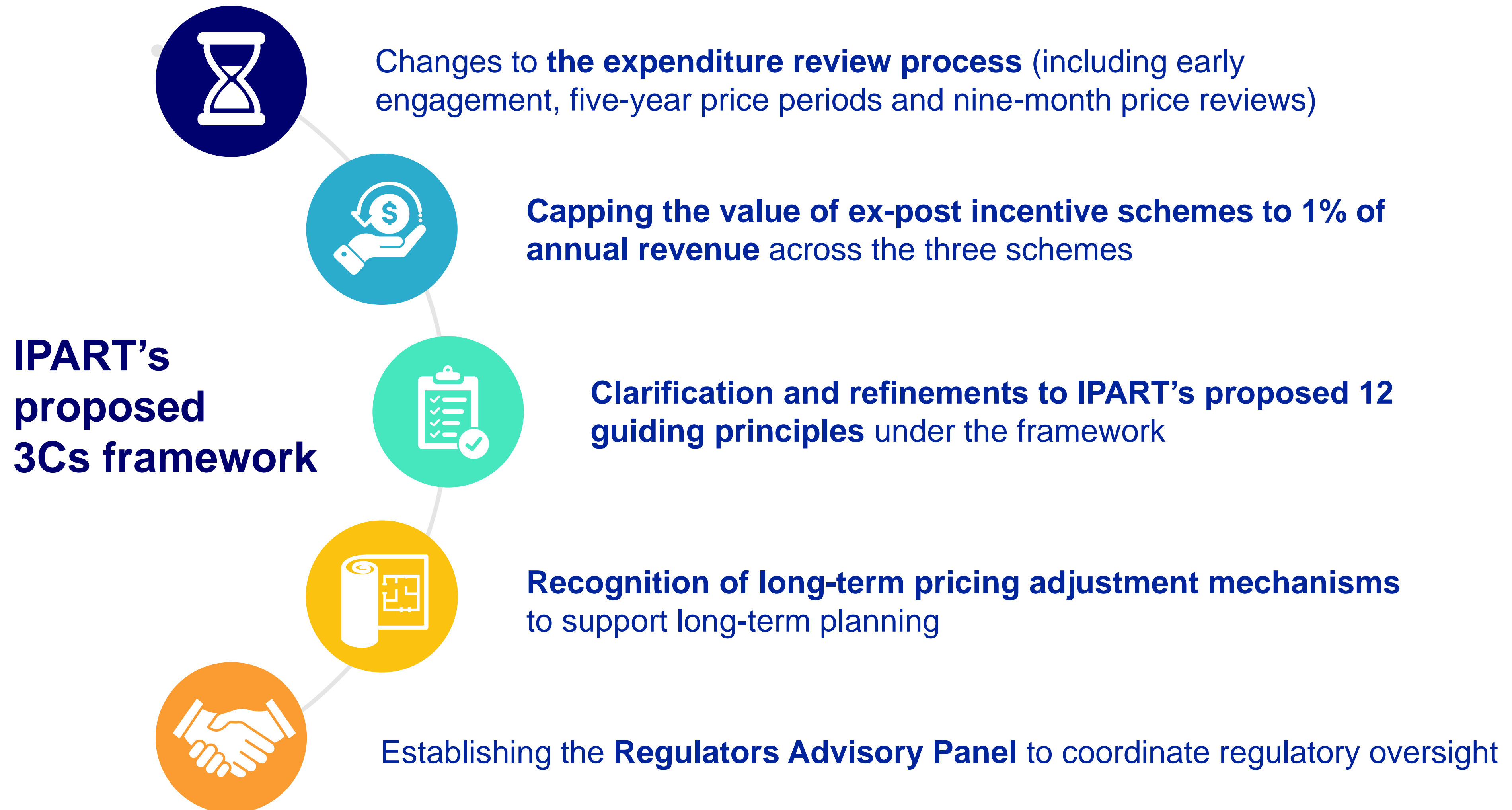
Sydney Water respectfully acknowledges the Traditional Custodians of the land and waters on which we work, live and learn. We pay respect to Elders past and present.





# Welcome improvements

We welcome and support many of IPART's improvements to the proposed 3Cs framework since August 2021



# Engaging and delivering value to our customers



We especially welcome IPART placing customers at the front and centre of business planning and our regulatory framework.

At Sydney Water, we have the ‘Customer at the heart’ of everything we do.

For our next Price Proposal, we are aiming to place customers at the centre and deliver even more value to our customers.

We are:

- refreshing our **Customer and Community Reference Group**, and
- rolling out our **largest and most ambitious customer engagement program** yet,

to help shape our 2025 proposal and long-term business plan.

# Further improvements

## 01. Grading

Break the link between grading of the utility proposal and ability to access pricing innovations and incentive schemes

## 02. Incentive schemes

Defer consideration of the Capital Expenditure Sharing Scheme, which has not yet been demonstrated to be in customers' interests

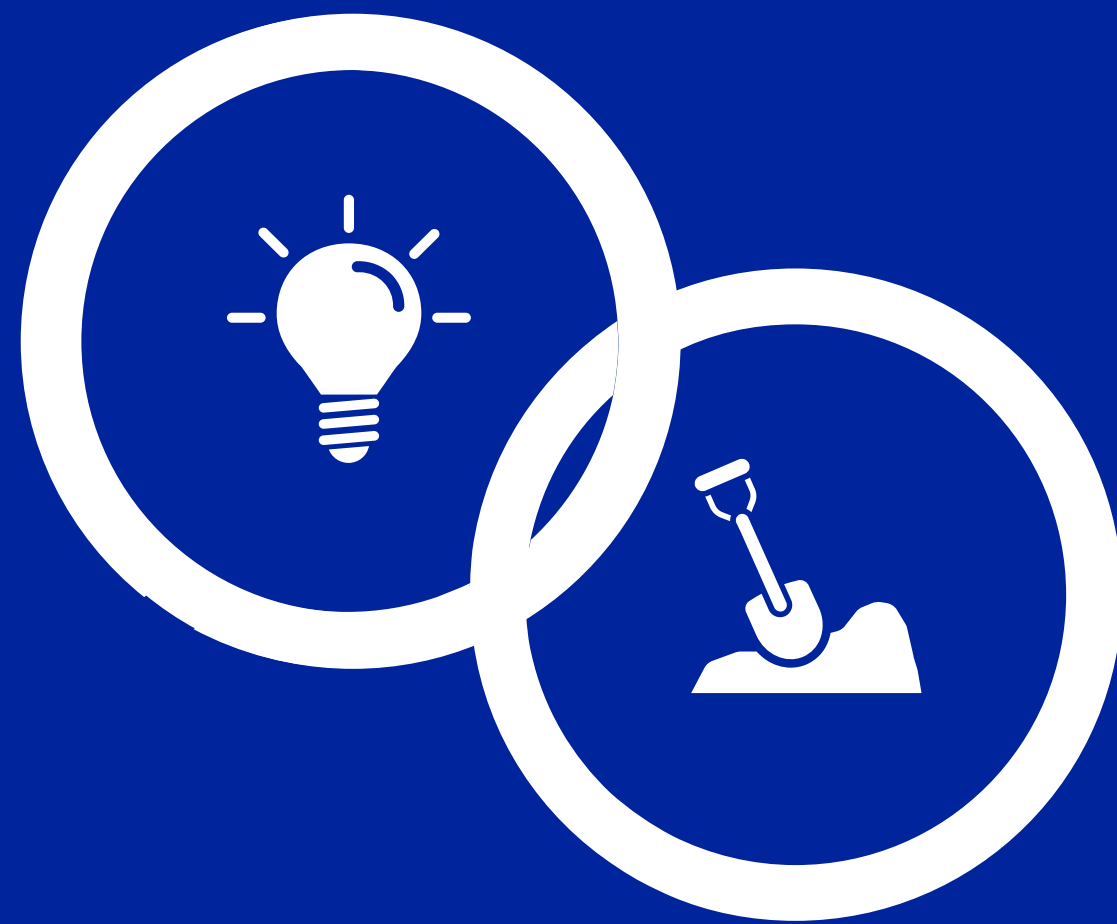
## 03. Review process

Lifting the expenditure threshold for review of capex business cases and minimising review for government-approved business cases

## 04. Accountability

Establish an independent review process to ensure accountability of IPART's grading decisions

# Implementing the 3Cs framework



IPART has proposed a wide range of significant and far-reaching reforms, as part of the 3Cs framework.

These include:

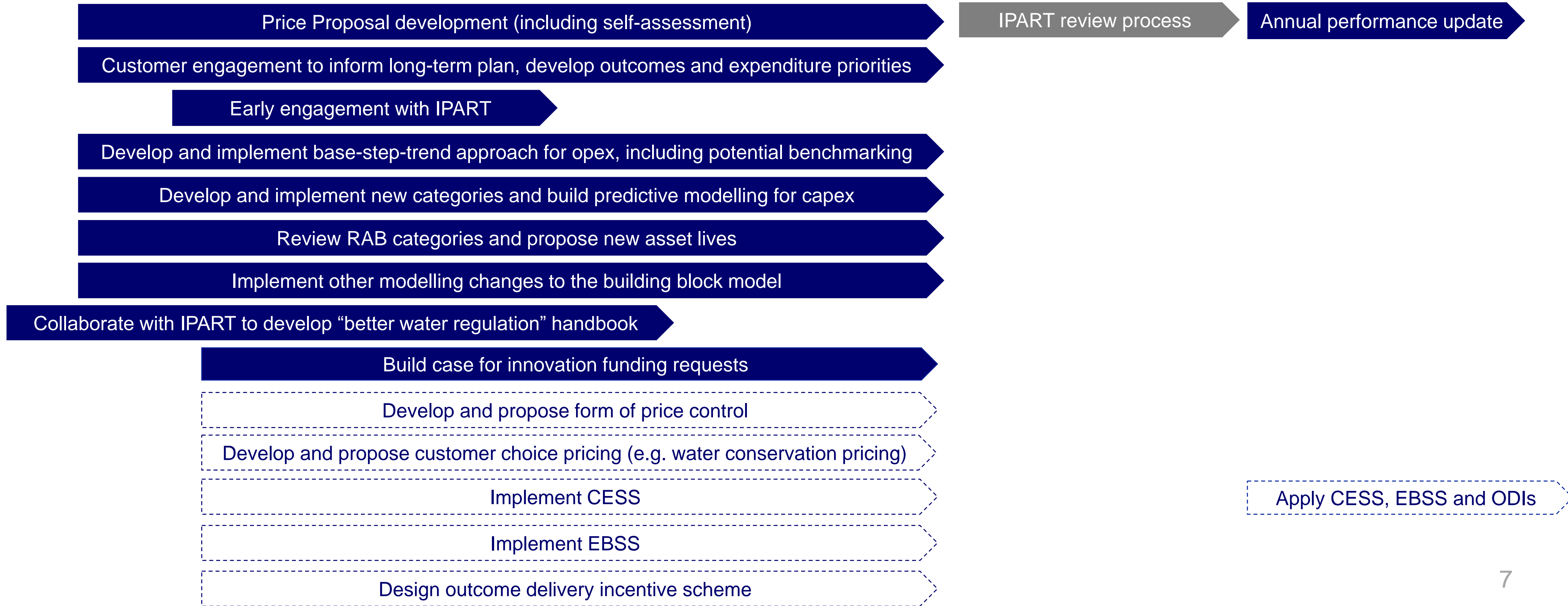
- an **early engagement** process,
- **self-assessment** and **proposal grading**,
- **changes to the expenditure review process**,
- **annual reporting** of performance against customer outcomes,
- options to develop and **propose different forms of price control**, and
- implementing **three new incentive schemes** – one each for operating expenditure, capital expenditure, and customer outcomes delivery.

# An ambitious reform agenda



**New requirements for all utilities under IPART’s 3Cs framework**

Additional new requirements for utilities with Advanced & Leading proposals



Apply CESS, EBSS and ODIs



# Prioritising reforms

We continue to advocate strongly for a targeted approach to prioritising and implementing those reforms that will be the most beneficial for consumers, whilst allowing utilities adequate time for learning, adapting and implementing changes properly.

Specifically, this would involve staggering the implementation of the reforms across two determination periods.

01

Introduce:

- proposal grading system,
- new requirements under Customer and Cost principles,
- customer outcomes/ODIs,
- EBSS,
- changes to the expenditure review process,
- review of the RAB, and
- water conservation pricing.

02

Consider:

- CESS.





**Thank you**

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Sydney  
**WATER**

