

HAVE YOUR SAY

on [Prices for WaterNSW Greater Sydney from 1 July 2020](#)

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Provide Customer Feedback

What has WaterNSW proposed?

To meet its obligations to deliver safe, reliable and sustainable bulk water supply to its various customers in the Greater Sydney area, WaterNSW proposes to make large investments in 2020 to 2024 period to:

- Comply with the required health, environmental and dam safety standards
- Improve water supply resilience, which is particularly important during drought
- Meet its Operating Licence requirements.

In particular, WaterNSW is proposing to focus on maintaining and renewing its assets, including capital works to restore the condition of the Warragamba to Prospect pipeline corridor in the first year. From 2021-22, WaterNSW proposes to focus on delivering its proposed major project - ie, accessing deep water in the Avon Dam. This project will address supply risk in the Illawarra and improve drought resilience.



Significant Capital Expenditure

\$682 million to be invested over four years to **maintain** existing assets, **comply** with required standards and improve water supply **resiliency**, which is 2.5 times its currently approved capital allowance



Lower Operating Expenditure

\$384 million to fund its operating activities, which is 6% lower than its currently approved operating allowance



Allocate Risks to Customers

To have **options to pass the costs** of unexpected costs, uncertain projects and fluctuations in demand to customers **by adjusting prices**

The costs of WaterNSW's proposed large investments are mostly offset by the current low cost of finance. As a result, WaterNSW's proposed revenues to recover its costs from customers in the 2020 to 2024 period is only 2% higher than the revenue we approved for the 2016 to 2020 period. Taking into account forecast growth in demand, the net result is a 1% real decrease in prices.

What are your views on WaterNSW's proposal? We want to hear from you - please leave any comments in the comment box below.

What does WaterNSW's proposal mean for water prices over the next four years and in the long-term?

WaterNSW is proposing to have a one-off real bulk water price decrease of 1% in 2020 in real terms (ie, excluding the effects of inflation), then for bulk water prices to stay relatively the same until 2024.

The table shows current and proposed bulk water prices in real terms (ie, excluding the effects of inflation) in the 2020 to 2024 period for the different customers of WaterNSW in the Greater Sydney region. We have included the current prices that apply in 2019-20 for comparison.

	2019-20	2020-21	2021-22	2022-23	2023-24
Sydney Water Corporation					
Fixed charge (\$ million/year)	175	175	176	176	177
Volumetric charge (\$/ML) (SDP 'Off') ^a	80	76	75	75	74
Volumetric charge (\$/ML) (SDP 'On') ^a	95 ^b	90	89	88	87
Councils					
Wingecarribee Council fixed charge (\$ millions)	1.12	1.11	1.11	1.11	1.11
Shoalhaven City Council fixed charge (\$ millions)	0.02	0.02	0.02	0.02	0.02
Goulburn-Mulwaree Council fixed charge (\$ millions)	0.03	0.02	0.02	0.02	0.02
Volumetric charge (\$/ML)	58	58	58	58	58
Raw water customers					
Fixed charge (\$)	-	-	-	-	-
Volumetric charge (\$/ML)	736	729	729	729	729
Unfiltered water customers					
Fixed charge for 20mm meter (\$) ^c	112	111	111	111	111
Fixed charge for 200mm meter (\$) ^c	11,241	11,131	11,131	11,131	11,131
Volumetric charge (\$/ML)	1,280	1,268	1,268	1,268	1,268

^a SDP 'Off' means when the Sydney Desalination Plant (SDP) is not supplying water to Sydney Water. Then, SDP 'On' is when the SDP is being used to supply water to Sydney Water.

^b In its pricing proposal, WaterNSW indicated a volumetric charge of \$80/ML to Sydney Water assuming SDP 'On' in 2019-20, which is the same as the charges assuming SDP 'Off'. Using the same method that WaterNSW has used to calculate the prices assuming SDP 'On' over the 2020 determination, we estimated the volumetric charge to be \$95/ML in 2019-20 period.

^c For unfiltered customers, there are separate fixed charges for 20mm, 25mm, 30mm, 32mm, 40mm, 50mm, 80mm, 100mm, 150mm and 200mm meter connections. We only present the fixed charges for 20mm and 200mm connections in this table.

If you are a customer of Sydney Water, you can find out more about your price and bill impact [here](#).

If you are a customer of Wingecarribee Shire Council, Shoalhaven City Council or Goulburn-Mulwaree Council, please contact your relevant council to know more about your water price and bill.

Beyond 2024, WaterNSW's proposed large investments may lead to higher prices. The current low cost of finance means that the impact of investments on prices are minimised in the short term. However, if interest rates rise in the future, this could increase prices given WaterNSW's large proposed capital expenditure program.

What are your views on the cost implications of WaterNSW's proposal? We want to hear from you – please leave any comments in the comment box below.

We are particularly interested in your views on some key issues

We have an in-depth [Issues Paper](#) that includes a full list of questions for stakeholders. You can access this document using the link, or at the top of this page.

Some of the key issues that we want stakeholder responses to be outlined below. You can lodge a submission, or provide feedback to the questions below.

1. Capital works to date.

How should we address the overspending in capital works by WaterNSW?

In 2016-17 to 2019-2020 period, WaterNSW has indicated that it spent \$326 million in capital works, which is \$72 million more than approved in the 2016 Price Review. Some of this overspend is to do with change in project scope, cost increases and early planning to improve resilience of its supply network.

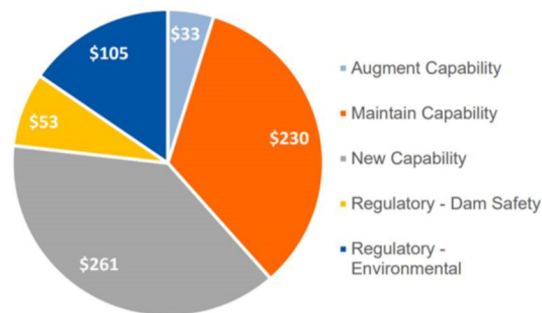
We will evaluate this proposal with our expenditure consultant as part of our price review to make sure that the overall spending is prudent and efficient. This is an important step because it will determine the value of WaterNSW's assets that is required for the supply and delivery of bulk water in Greater Sydney.

2. Planning for safe, secure and sustainable water supply.

How should WaterNSW plan and recover the investments needed to deliver safe, secure and sustainable water supply?

WaterNSW is proposing to invest \$682 million in capital works over four years to ensure its assets continue to provide reliable service and secure supply to meet Sydney's growing population. This includes projects to improve the resilience of WaterNSW's network in times of drought, to renew assets and to maintain downstream river health.

Water NSW proposed capital expenditure (\$m, \$2019-20)



Our expenditure consultant will conduct a detailed review of WaterNSW's proposed capital works. They will advise us on whether WaterNSW's approach to planning is consistent with best practice and will efficiently meet the needs of its customers and its obligations.

3. Unexpected and uncertain costs.

How should our review account for the risks of unexpected and uncertain costs

WaterNSW considers that having the ability to reasonably share the risks of significant unforeseen costs with its customers is important. Some of these unforeseen costs may relate to a change in regulatory standards or tax, a natural disaster or a major project could be progressed faster than expected. WaterNSW has proposed different options to share these risks, which would affect future bulk water prices.


We aim to make sure prices reflect the efficient cost of supply and delivery of bulk water in the Greater Sydney area. As part of our review, we will consider how to allocate the risks of unexpected and uncertain costs between WaterNSW and its customers based on their ability to effectively manage these risks. We do not support passing on unnecessary risks to customers.

What are your views on the above key issues? We want to hear from you - please leave any comments in the comment box below

Other comments and feedback

We want to hear from you. If you have any additional comments, please leave them in the comment box below.

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