

14 March 2017



What is this fact sheet about?

We have released a Draft Report and Draft Determination on our review of the maximum prices that WaterNSW can charge for its rural bulk water services, from 1 July 2017 for a period of four years. This fact sheet highlights key draft decisions made as part of our review that affect the **Fish River Water Supply (FRWS)**.

This information is not exhaustive. Further information is available in our General Overview Fact Sheet and our Draft Report.



Bills in FRWS would generally decrease under draft prices

Indicative bill impacts for customers in the FRWS under our Draft Determination are presented in Table 1.

Table 1 Indicative bill impact of draft bulk water charges for FRWS for 2017 Determination (\$ nominal – ie, with inflation)

	↕↗	Current charge (2016-17)	IPART Draft Decision (2017-18)	IPART Draft Decision (2020-21)	% Change (2016-17 to 2020-21)
Bulk raw water					
EnergyAustralia	↑	\$3,418,816	\$3,858,225	\$4,171,393	22.0%
Sydney Catchment Authority	↓	\$2,348,127	\$2,151,175	\$2,316,580	-1.3%
Oberon Council	↓	\$709,534	\$637,458	\$686,473	-3.3%
Individual minor customers	↓	\$476	\$414	\$446	-6.2%
Bulk filtered water					
Lithgow Council	↑	\$1,542,666	\$1,556,626	\$1,681,225	9.0%
Individual minor customers	↓	\$794	\$712	\$770	-3.1%

Source: WaterNSW pricing proposal June 2016, ACCC Final Report June 2014 and IPART calculations.

- ▼ Under our Draft Determination, bills would decrease (in nominal terms – ie, with inflation) for all customers in the FRWS, except EnergyAustralia and Lithgow Council. This is due to:
 - ▽ A reduction in the customer share of WaterNSW's total costs (by about 18.2%), primarily due to efficiency gains in operating expenditure, across the FRWS.
 - ▽ Our decision to move to an 80:20 fixed to variable tariff structure for the FRWS, which better reflects WaterNSW's (largely fixed) cost structure.
 - In turn, this means EnergyAustralia's charges reflect the cost of providing water infrastructure related to its minimum annual quantity (MAQ).
- ▼ Our draft prices would result in a larger bill increase for Lithgow Council and a smaller decrease for individual minor customers than those proposed by WaterNSW. This

reflects our decisions to discontinue the unders and overs mechanism (UOM) and include a UOM payback (\$0.05 to \$0.06 per ML per year), and to change the tariff structure.



Usage charges in FRWS would decrease

Table 2 Draft bulk water charges for FRWS for 2017 Determination - \$/ML of entitlement and usage (\$2016-17 – ie, without inflation)

	↓↑	Current charge (2016-17)	IPART Draft Decision (2017-18)	IPART Draft Decision (2020-21)	% Change (2016-17 to 2020-21)
Bulk Raw Water					
Minimum Annual Quantity (MAQ) (\$/kL)					
Major customers	↑	0.38a	0.41	0.41	9.0%
Minor customers	↑	0.36	0.41	0.41	16.2%
Usage up to MAQ (\$/kL)					
Major customers	↓	0.43a	0.26	0.26	-39.5%
Minor customers	↓	0.42	0.26	0.26	-37.9%
Usage in excess of MAQ (\$/kL)					
Major customers	↓	0.81	0.67	0.67	-16.8%
Minor customers	↓	0.78	0.67	0.67	-13.0%
Bulk Filtered Water					
Minimum Annual Quantity (MAQ) (\$/kL)					
Major customers	↑	0.57	0.67	0.68	18.7%
Minor customers	↑	0.69	0.82	0.82	18.9%
Usage up to MAQ (\$/kL)					
Major customers	↓	0.61	0.38	0.38	-37.9%
Minor customers	↓	0.78	0.49	0.49	-37.9%
Usage in excess of MAQ (\$/kL)					
Major customers	↓	1.18	1.05	1.06	-10.6%
Minor customers	↓	1.47	1.30	1.31	-11.3%

Source: ACCC Final Report June 2014 and IPART calculations.

- ▼ Usage (variable) charges in the FRWS would decrease under our Draft Determination, whilst MAQ (fixed) charges would increase (in real terms).
 - ▽ This is due to our decision to move to an 80:20 fixed to variable tariff structure for the FRWS (currently this ratio is 57:43 on average across FRWS).