

Fish River Scheme

Issues Paper - WaterNSW's rural bulk water pricing proposal



In this Fact Sheet we highlight selected key information from WaterNSW's pricing proposal for customers in the **Fish River scheme**. This information is not exhaustive and should be read in conjunction with our General Overview Fact Sheet and Issues Paper.

Overview

- ▼ Proposed user share notional revenue requirement (NRR): \$30.6 million over 2017-18 to 2020-21 or \$7.7 million per year. The user share of NRR is the portion of total costs that are paid for by customers. This is used as the basis for WaterNSW setting its proposed prices.
- ▼ The proposed user share of NRR for the Fish River scheme represents around 10.5% of WaterNSW's proposed total user share of NRR across the state.
- ▼ Proposed average annual user share of NRR over the next determination period is decreasing when compared to that allowed under the 2014 ACCC Decision.

Under WaterNSW's proposal, prices would generally decrease in real terms, with the exception of Minimum Annual Quantity (MAQ) charges for large customers and minor raw water customers.

Consistent with WaterNSW's proposal, the **price** and **revenue** figures below are in **\$2016-17** (ie, they **exclude** the effects of inflation beyond 2016-17).

WaterNSW proposed prices for large users of bulk raw water, change from 2016-17 to 2020-21 (per kL, \$2016-17)

	Minimum Annual Quantity (MAQ)			Usage up to MAQ		Usage>MAQ	
Energy Australia		5.6%	(\$0.36 to \$0.38)		33.3%	(\$0.42 to \$0.28)	15.4% (\$0.78 to \$0.66)
Oberon Council		0.0%	(\$0.38 to \$0.38)		34.9%	(\$0.43 to \$0.28)	18.5% (\$0.81 to \$0.66)

WaterNSW's proposed prices, change from 2016-17 to 2020-21 (per ML, \$2016-17)

	Large users: filtered water			Minor customers: raw water		Minor customers: filtered water	
MAQ		17.5%	(\$0.57 to \$0.67)		6.5%	(\$71.27 to \$75.93)	2.4% (\$137.95 to \$134.61)
Up to MAQ		57.4%	(\$0.61 to \$0.26)		33.3%	(\$0.42 to \$0.28)	66.7% (\$0.78 to \$0.26)
Usage>MAQ		21.2%	(\$1.18 to \$0.93)		15.4%	(\$0.78 to \$0.66)	36.7% (\$1.47 to \$0.93)

WaterNSW's proposed NRR for the Fish River Scheme (\$000s, \$2016-17)

	2017-18	2018-19	2019-20	2020-21	Total ^a	Average Proposed ^a	Average ACCC	Change ^b
Base building block	7,123	7,336	7,521	7,588	29,568	7,392	10,153	-27.2%
UOM allowance ^c	269	269	269	269	1077	269	108	148.4%
BRC & MDBA costs	-	-	-	-	-	-	-	N/A
Total user share	7,393	7,605	7,790	7,857	30,645	7,661	10,261	-25.3%
Total NRR-Fish River	7,393	7,605	7,790	7,857	30,645	7,661	10,261	-25.3%
Total user share (%)	100%	100%	100%	100%	100%	100%	100%	

^a Total and annual average over 2017-18 to 2020-21.

^b Annual average (2017-18 to 2020-21) compared with average annual (2014-15 to 2016-17).

^c Unders and Overs Mechanism (UOM).





WaterNSW's pricing proposal includes indicative customer bills, for a range of entitlement and usage volume scenarios, under its proposed fixed and usage charges.

For the Fish River scheme WaterNSW's bill impact analysis was based on MAQ in the water sharing plan for major customers, and a deemed 200 MAQ for minor customers and average water usage over 20 years for each customer type. Water usage for Energy Australia is assumed to be 1,200ML

The **bill impacts** presented below are in **nominal dollars** (ie, they **include** the effects of forecast inflation, assumed to be 2.5% per year, beyond 2016-17).

Under WaterNSW's proposed prices, these typical bills would increase for large customers and decrease for minor customers.

Indicative customer bill impacts of proposed final prices (\$nominal)

	Lithgow Council		Minor customers	
Filtered water (including inflation)		1.8% \$1,542,666 (2016-17) \$1,571,087 (2020-21)		29.8% \$794 (2016-17) \$557 (2020-21)
	Energy Australia		Minor customers	
Raw water (including inflation)		11.4% \$3,418,816 (2016-17) \$3,807,041 (2020-21)		5.5% \$476 (2016-17) \$450 (2020-21)

The Issues Paper contains a number of questions for stakeholder comment. The following questions may be particularly relevant to stakeholders in the Fish River scheme:

- ▼ WaterNSW has proposed to split the fixed to variable usage charge at 80:20 for both raw and filtered water. The current split is 55:45 for raw water and 60:40 for filtered water. Is the new proposed split appropriate?
- ▼ WaterNSW has proposed to adjust forecast water sales in the Fish River to account for the permanent closure of Wallerawang Power Station. Is this adjustment to forecast water sales appropriate?