

13 June 2017



What is this fact sheet about?

We have released a Final Report and 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 decisions made as part of our review that affect the **Namoi valley**.

This information is not exhaustive. Further information is available in our General Overview Fact Sheet and our Final Report.¹



Bills will increase by less than inflation in the Namoi valley

Bill impacts for a 'typical' customer in the Namoi valley under our Determination are presented in Table 1.

Table 1 Bill impacts of bulk water charges for the Namoi valley - 2017 Determination (\$ nominal – ie, with inflation)

		Current charge (2016-17)	IPART Decision (2017-18)	IPART Decision (2020-21)	% Change (2016-17 to 2020-21)
High security - small		\$3,755	\$3,784	\$4,075	
High security - medium	↑	\$18,775	\$18,920	\$20,375	8.5%
High security - large		\$37,550	\$37,840	\$40,750	
General security - small		\$2,041	\$2,037	\$2,193	
General security - medium	↑	\$10,203	\$10,185	\$10,966	7.5%
General security - large		\$20,406	\$20,370	\$21,932	

Note: 'Typical' customer bill impacts analysis is based on high security entitlement holders at 100% of usage, and general security entitlement holders at 60% of usage, for small (100 ML of entitlements), medium (500 ML of entitlements) and large (1,000 ML of entitlements) customers.

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

- ▼ Under our Determination, bills will increase for both high security (HS) and general security (GS) customers in the Namoi valley (in nominal terms – ie, with inflation). However, the increase will be less than inflation.
 - ▽ Overall, the customer share of WaterNSW's total costs in the Namoi valley will be lower by 6.8% per year on average relative to current levels², primarily due to efficiencies in operating expenditure.
 - ▽ However, this is marginally offset by our decision to include a volatility allowance and discontinue the unders and overs mechanism (UOM)³. We have included a UOM payback in charges so that the outstanding UOM balance can be recovered over a 12-year period.

¹ See Appendix G.3 of our Final Report for further Namoi valley specific information.

² In real terms – ie, without inflation.

³ The UOM was introduced in 2014 by the ACCC to manage revenue volatility risk.



Prices will decrease in the Namoi valley

Table 2 Bulk water charges for the Namoi valley for the 2017 Determination - \$/ML of entitlement and usage (\$2016-17 – ie, without inflation)

		Current charge (2016-17)	IPART Decision (2017-18 to 2020-21)	% Change (2016-17 to 2020-21)
High security charge	↓	17.29	17.08	-1.2%
General security charge	↓	8.25	7.96	-3.5%
Usage charge	↓	20.26	19.98	-1.4%

Source: ACCC Final Report June 2014 and IPART analysis.

- ▼ Under our Determination, entitlement charges and usage charges in the Namoi valley will decrease compared with current charges (in real terms – ie, without inflation).
- ▼ Our prices for HS entitlement charges and usage charges are higher than those proposed by WaterNSW (by \$0.95 per ML and \$1.53 per ML respectively). This is mainly due to our decision to recover the costs of the volatility allowance from all customers and include a UOM payback amount in all charges.