

24 April 2019

Dr Paul Paterson
Chair
IPART
PO Box K35
Haymarket Post Shop NSW 1240

Dear Dr Paterson,

Review of Essential Energy's prices for water and sewerage services in Broken Hill

The Public Interest Advocacy Centre (PIAC) is an independent, non-profit legal centre based in New South Wales. Established in 1982, PIAC tackles systemic issues that have a significant impact upon people who are marginalised and facing disadvantage. We ensure basic rights are enjoyed across the community through litigation, public policy development, communication and training. The Energy + Water Consumers' Advocacy Program represents the interests of low-income and other residential consumers, developing policy and advocating in energy and water markets.

PIAC welcomes the opportunity to comment on the Draft Determination on Essential Energy's prices for water and sewerage services in Broken Hill.

PIAC broadly supports the Draft Determination, and agrees with the balance that IPART has struck between improving cost-reflectivity and maintaining affordability of essential water services for the community. In relation to specific elements of the draft determination, PIAC supports:

- The adoption of a 3-year period for this determination.
- Confirmation that the NSW Government will contribute \$77.8 million towards the recovery of costs related to the Broken Hill Pipeline.
- IPART's rejection of all four circumstances proposed to trigger cost pass-throughs by Essential. PIAC considers that, within the 3-year timeframe, any significant events requiring material pricing changes are more appropriately dealt with by a request for a regulatory review.
- The determination that residential usage prices for treated water and sewerage rise by less than inflation over the course of the period, ensuring that these essential services remain affordable for community.
- The setting of a single price for untreated water, that is both more cost-reflective and consistent across the customer base.
- Smoothed transition of Chlorinated water usage prices towards a more cost-reflective level, in line with those of untreated water.
- The determinations related to trade waste prices, and the introduction of volume-based pricing.

- The effective increase in water service prices for mining customers, on the basis of the increased proportion of water usage.

The Draft Determination represents an appropriate balance between cost-reflectivity, affordability and fairness, that is consistent with the approach taken in other water determinations to date. However, we note that the determination is not able to consider the wider issues of long-term water resource scarcity and insecurity in the Murray-Darling basin, and the implications this has for the availability and pricing of water services in Broken Hill. PIAC encourages IPART to consider how these issues may impact upon future revenue and pricing decisions, and how they can be appropriately accounted for.

Further engagement

PIAC would welcome the opportunity for further engagement with IPART and other stakeholders to discuss these issues in more depth. Please do not hesitate to contact Douglas McCloskey on 8898 6534 or dmcloskey@piac.asn.au.

Yours sincerely,

Douglas McCloskey

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