Wentworth to Broken Hill Pipeline

Attachment 2

Compliance checklist

30 September 2025

WaterNSW Pricing Submission Compliance Checklist

The table below is a consolidated list of requirements under IPART's Water Regulation Handbook, and where the requirements are addressed in WaterNSW Proposal Suite. The Handbook does not contain its own consolidatedcompliance checklist. This compliance checklist is not intended to pre-suppose IPART's assessment of compliance, the quality, or the level to which WaterNSW's Proposal Suite meets IPART's expectations. It has been developed as a guide to allow IPART and stakeholders more readily identify where to look within the WaterNSW Proposal Suite for where the requirement is addressed.

Item	Comments	Where is this requirement addressed in the proposal?
Customers at the centre		
Customers at the centre	Does the proposal include a description of how the business has engaged with customers and community aligned to the engagement principles? IPART encourages the inclusion of a separate plain English customer-focussed summary of WaterNSW's proposal.	**Pricing proposal:** Proposal at a glance **Pricing proposal:** Executive Summary **Pricing proposal:** Section 2: Customer Engagement **Attachment 4:** WaterNSW engagement plan Wentworth to Broken Hill pipeline 2025 **Attachment 5:** WaterNSW Stakeholder Engagement Summary Report Wentworth to Broken Hill Pipeline
Outcomes and performance measures	Does the proposal include **outcomes** developed with customers for 1) Customers 2) Community and 3) Environment? Have details been provided on how WaterNSW incorporated insights from its customer engagement into the development of these outcomes? Does each outcome have an associated performance measure?	**Pricing proposal:** Proposal at a glance **Pricing proposal:** Executive Summary **Pricing proposal:** Section 2: Customer Engagement **Pricing proposal:** Section 2.7: Customer Outcomes **Pricing proposal:** Section 2.8: Output Measures **Pricing proposal:** Section 7: How we will deliver these outcomes **Pricing proposal:** Section 7.1: Management's role in delivering outcomes
Historical performance		
Historical performance	Does the proposal include information on the business's performance over the current determination period? Has justification been provided for any material deviations over the period relative to regulatory or operating licence requirements, decisions made by IPART or commitments made by WaterNSW? *See below, specific requirements for reporting on current period performance.*	**Pricing proposal:** Executive Summary **Pricing proposal:** Section 7.2.3: True-ups **Pricing proposal:** Section 8: Operating expenditure **Pricing proposal:** Section 9: Capital expenditure
Service levels, customer outcomes, performance and output measures	Does the proposal include information on WaterNSW's performance in the current determination period in terms of forecast versus actual for: Service levels set at the last determination period Outputs and outcomes	**Pricing proposal:** Section 2.12: Reporting of Past Performance **AIR and SIR** reporting covering the current determination period
Target revenue	Does the proposal include details on WaterNSW's performance in the current determination period including: Annually set target revenue compared to actual revenue received Narrative on key reasons for variations between target and actual revenue Actual revenue for each year expressed in nominal $ and any totals or comparisons expressed in real $ using the inflation figures provided to WaterNSW in its Submission Information Package (SIP).	**Pricing proposal: Section 15.2:** Actual vs allowed revenue
Sales volumes and connections	Does the proposal include: A comparison between forecast and actual customer connections or entitlement volumes as well as sales volumes over the current determination period? An explanations for any deviations and implications for estimating volumes in the upcoming determination period.	**Pricing proposal: Section 16.1.0:** IPART's 2022 decision on forecast water volumes
Operating and capital expenditure	Does the proposal include forecast versus actual operating and capital expenditure over the current determination period?	**Pricing proposal:** Section 8: Operating expenditure **Pricing proposal:** Section 9: Capital expenditure

Implementation of the determination	· Does the proposal include how it has implemented the current determination under section 18(5) of the IPART Act? (4) A government agency which is the subject of a determination or recommendation of the Tribunal is required to include in its annual report— (a) particulars of how any such determination has been implemented, and (b) a statement of whether any such recommendation has been implemented and, if not, the reasons why it has not been implemented. (5) A government agency that is the subject of a determination or recommendation of the Tribunal is also required to include the particulars and statement required under subsection (4) in the submissions made by the agency to the Tribunal during any subsequent investigation of the same matter as that to which the determination or recommendation related.	**Pricing proposal:** Section 3.5: Implementation of IPART Determination under section 18 of the IPART Act
Forecast expenditure and revenue requirement		
Revenue requirement	Does the proposal include a clear **estimate of the revenue required to be recovered** over the determination period, based on the building block methodology? New approaches under the 3Cs framework include: IPART will roll forward the RAB in two asset categories per service WaterNSW is no longer required to maintain separate RABs or calculate separate prices for discretionary projects WaterNSW is expected to apply the simplified asset disposals policy *Note: following establishment of the NRR, the business can then adjust including true-ups and cost pass-throughs	**Pricing proposal:** Proposal at a glance **Pricing proposal:** Section 15: Notional revenue requirement
Forecast expenditure	IPART expects the business to articulate how it will deliver customer services and outcomes at the lowest sustainable cost while ensuring long-term customer value. Does the proposal include explanations on the following: Method used to forecast expenditure and key assumptions How key expenditure items are consistent with long-term plans and customer outcomes The basis on which expenditure is efficient including productivity strategies, trend and benchmarking analysis. Note: A detailed breakdown of historical and proposed expenditure should be included in the AIR/SIR and extend these forecasts for a total of 10-years.	**Pricing proposal:** Section 8: Operating expenditure **Pricing proposal:** Section 9: Capital expenditure **Attachment 8:** Base Trend Step operating expenditure **Attachment 11:** Asset management plan **Attachment 15:** IPART Information Returns [Annual Information Return (AIR) / Special Information Return (SIR)]
Capital expenditure	Does the proposal include the following: Outline of actual and projected capital expenditures for each year of the current and proposed determination periods, by major service areas and cost drivers? Supporting documentation and explanations of alignment with long-term plans and customer outcomes.	**Pricing proposal:** Section 9: Capital expenditure **Attachment 11:** Asset management plan
Predictive models for capex	Has WaterNSW developed predictive models for future capex? IPART expects predictive models for future capital expenditure. IPART considers these model could initially focus on asset replacements and gradually be expanded to include other categories such as growth, resilience, and climate change adaptation.	**Pricing proposal:** Section 9: Capital expenditure **Attachment 11:** Asset management plan Predictive models were used to establish the initial maintenance and replacement program as part of the initial design construct maintain contract previously reviewed by IPART. The assumptions from this predictive model are being updated with on the ground experience resulting in the updated capital program as per the asset management plan. Given the minimal and incremental nature of the proposal replacement works, this is both appropriate and efficient for an asset in its early life.
Operating expenditure	Does the proposal include the following for opex? Outline of actual and forecast opex in each year of the current and proposed determination period by major service category? BTS approach for recurrent controllable opex for forward determination period.	**Pricing proposal:** Section 8: Operating expenditure **Attachment 8:** Base Trend Step operating expenditure
BTS approach	Has WaterNSW submitted its opex forecasts using a BTS approach? Requirements for each component of the BTS approach below.	**Pricing proposal:** Section 8: Operating expenditure **Attachment 8:** Base Trend Step operating expenditure
Baseline recurrent controllable operating expenditure	Does the base reflect WaterNSW's recurrent controllable opex and include the most recent year with a full 12-months of data? Has the baseline been adjusted to remove non-controllable expenditure items (these are to be forecast separately)? Has the baseline been adjusted to remove one off or non-recurring expenditure items incurred in the base year, or add normally occurring items that were not included in the base year? Have any cost savings in the final year of the current determination period and any efficiency improvements set by IPART been removed? Has WaterNSW demonstrated the efficiency of the adjusted baseline opex (eg, via benchmarking)	**Pricing proposal:** Section 8: Operating expenditure **Attachment 8:** Base Trend Step operating expenditure
Trends in recurrent controllable operating expenditure	IPART expects WaterNSW to propose a trend component to adjust the baseline expenditure for the determination period. Do the proposed trends reflect a predictable change in the efficient level of recurrent controllable opex? A trend could represent output growth, productivity improvements and real input price changes.	**Pricing proposal:** Section 8: Operating expenditure **Attachment 8:** Base Trend Step operating expenditure

Step changes in recurrent controllable operating expenditure	Do all proposed step changes reflect forward-looking changes in the efficient level of recurrent controllable opex? This may be due to a particular event e.g., changes to regulation or the method of delivering a service. Have justification been provided for all step changes? Have drivers been identified and explained? Has an explanation been provided as to why the expenditure provided by the Base plus Trend components would not be sufficient?	**Pricing proposal:** Section 8: Operating expenditure **Attachment 8:** Base Trend Step operating expenditure
Incentive mechanisms		
Efficiency schemes	Has WaterNSW achieved a self-assessment of Advanced or Leading? If yes, IPART expects the business to apply an efficiency scheme in its proposal or a compelling reason for its exclusion. Is WaterNSW applying an incentive mechanism? If yes: Does the proposal outline how this scheme fits into the businesses proposed strategy to improve long-term customer outcomes? Does the proposal include demonstration of appropriate systems and processes to anticipate and respond to changes to expenditure and risk? Does the proposal include specific metrics for each customer outcome, derived through engagement with customers? Has the business been self-assessed as Standard? If yes, application of a scheme is not expected. If the business intends to apply a scheme, has it included: Strong case for the inclusion of a scheme Sufficient justification to provide IPART confidence that expenditure proposals reflect efficient costs? Do internal systems and process have a strong cost-efficiency perspective that are able to respond effectively to the scheme?	N/A – WaterNSW is not adopting an incentive mechanism
Outcome Delivery Incentive (ODI)	Is WaterNSW applying the ODI? If yes, has the business reviewed its ODI against the following principles? Outcome performance needs to be readily measurable, influenced by expenditure, and create customer value The baseline level for the outcome should be well-justified Methods used to estimate customer value should be reasonable and robust ODIs should be succinct and not overlap.	N/A – WaterNSW is not adopting an incentive mechanism
Capital Efficiency Sharing Scheme (CESS)	Is WaterNSW applying the CESS? If yes, is WaterNSW proposing to exclude a cost or project from the CESS? If yes, has it provided sufficient evidence that would satisfy IPART of the following: There is a strong likelihood that actual capex for the specified category will differ materially from forecast The business is putting in place steps to improve its capacity to forecast the category of capital expenditure for the next determination period Any anticipated penalty arising from the CESS would have a material impact on the financial outcomes of the business.	N/A – WaterNSW is not adopting an incentive mechanism
Efficiency Benefits Sharing Scheme (EBSS)	Is WaterNSW opting into the CESS? If yes, has WaterNSW: If yes, does WaterNSW need to propose to apply an adjustment to deal with a temporary opex change in the base year?	N/A – WaterNSW is not adopting an incentive mechanism
Uncertain and unforeseen expenditure	*IPART's strong preference is to assess and include a revenue allowance for uncertain costs at the beginning of the determination before they are incurred by the business to preserve its efficiency measures.*	N/A – this does not apply until the Determination period has commenced
Managing risk		
Managing risk	IPART expects businesses to manage most typical cost risks within the provided cost allowance. Is there a possibility of an event that would cause a known, large variation in cost with a material impact on the business that cannot be controlled? If yes, WaterNSW can propose, upfront, a cost pass-through including: Evidence for the efficient cost of responding to the event A mechanism for recovering this cost.	**Pricing proposal:** Section 7.2: Managing risk **Attachment 9:** Frontier Economics report on electricity costs **Attachment 10:** Updated CIE Model to calculate electricity cost true-up **Attachment 12:** Managing risk
Setting prices		
Sharing of costs between rural water customers and the NSW Government	Does the proposal include information on how WaterNSW will will recover its required revenue over the determination period? (ie, form of control, tariff structure and price level)	**Pricing proposal:** Section 6: Proposed regulatory Framework **Pricing proposal:** Section 17: Pricing structures **Pricing proposal:** Section 18: Prices and customer bill impacts
Demand forecast	Does the proposal include: Demand forecasts for services over the determination period that are robust and evidence based Robust modelling to support the demand forecasts? An explanation of the demand modelling that clearly outlines and justifies any assumptions?	**Pricing proposal**: Section 16: Forecast customer numbers and water usage
Form of price control	Has WaterNSW included its proposed form of price control? Is the proposed form of price control supported by customers and aligned to the long-term interests of customers? Has WaterNSW included the specific methodology for its proposed price control?	**Pricing proposal:** Section 6: Proposed regulatory Framework **Pricing proposal:** Section 17: Pricing structures

Prices and tariff structures	Does the proposal include the proposed tariff structure including the price levels required to recover the revenue given its forecast demand? Do the proposed prices reflect the following key pricing principles? Usage charges - for rural water, where water trading schemes capture the value of scarcity, and bulk water supplied in Greater Sydney, IPART expects usage prices to reflect short-term costs of production Service charges recover residual revenue requirements – IPART expects businesses to engage with customers of services charges IPART prefers smoothed prices presented in present value terms	**Pricing proposal:** Section 7.1: Management's role in delivering outcomes **Pricing proposal:** Section 17: Pricing structures **Pricing proposal:** Section 18: Prices and customer bill impacts
Credibility		
Credibility	Does the Proposal set out how it will remain accountable to its customers? Has a self-assessment against the 12 principles under the 3Cs framework been completed? Has the Proposal been quality assured and endorsed by the Board?	**Pricing proposal:** Executive Summary **Attachment 3:** Self-assessment against IPART's grading rubric **Attachment 1:** Quality assurance and board attestation
Accountability and reporting	Has WaterNSW included: A clear timeframe for when it will deliver on its proposed expenditures and outcomes? How performance and progress on key metrics will be communicated to its customers? Identification of shortcomings and how these and lessons from past determination periods are integrated into WaterNSW's current and long term strategies.	**Pricing proposal:** Proposal at a glance **Pricing proposal:** Section 2.8: Output measures **Pricing proposal:** Section 7: How we will deliver these outcomes **Attachment 5:** Customer and community engagement report
3Cs self-assessment	Has WaterNSW self-assessed the extent to which its proposal promotes customer value, encourages cost efficiency and is able to be credibly delivered? Does this self-assessment refer to the 12 guiding principles under the 3Cs? Is supporting information to substantiate WaterNSW's grade included with the proposal? Does the proposal demonstrate WaterNSW is delivering genuine improvement and demonstrate this step-change in customer value both quantitatively and qualitatively?	**Pricing proposal:** Executive Summary **Attachment 3:** Self-assessment against IPART's grading rubric
Quality assurance and Board endorsement	Does the proposal include a Board attestation signed off by the chair of the Board? Has the proposal, information return and other material provided to IPART been subject to a quality assurance check prior to lodgement? Board endorsement demonstrates the Board's ownership of the proposal and provides transparency that it is confident the proposal would deliver in the long-term interests of its customers.	**Attachment 1:** Quality assurance and board attestation
Information returns		
Annual Information Return (AIR) and Special Information Return (SIR)	Does the proposal include the AIR and SIR?	**Attachment 15:** a: IPART Information Returns [Annual Information Return (AIR) / Special Information Return (SIR)] b: IPART WBHP (Pipeline) Electricity data request 2027-2031 c: IPART WBHP (Pipeline) Electricity data request 2023-2026 d: WBHP cost of debt true-up-calculator

Appendix B		
Customer centricity		
Develop customer engagement strategy Customers influence business outcomes Processes support customer centricity	How well has WaterNSW integrated customers' needs and preferences into the planning and delivery of services, over the near and long term?	**Attachment 4:** WaterNSW engagement plan Wentworth to Broken Hill pipeline 2025 **Attachment 5:** WaterNSW Stakeholder Engagement Summary Report Wentworth to Broken Hill Pipeline **Customer Outcome 4: Communication** WaterNSW to continue to keep customers in the loop to ensure peak operations and support EW in delivering optimal outcomes for end use customers. Transparency valued in this process.

Customer engagement		
Engage on what matters to customers Choose appropriate engagement methods Engage effectively	Has WaterNSW engaged customers on what's most important to them, making it easy for customers to engage by using a range of approaches to add value?	**Attachment 5:** WaterNSW Stakeholder Engagement Summary Report Wentworth to Broken Hill Pipeline **Attachment 4:** WaterNSW engagement plan Wentworth to Broken Hill pipeline 2025 **Evaluation data s**uggests most EW participants felt sessions exceeded expectations.
Customer outcomes		
Customers drive outcomes Performance measures support outcomes Accountability for customer outcomes	How well does WaterNSW's pricing proposal link customer preferences to proposed outcomes, service levels and projects?	**Attachment 4:** WaterNSW engagement plan Wentworth to Broken Hill pipeline 2025 **Attachment 5:** WaterNSW Stakeholder Engagement Summary Report Wentworth to Broken Hill Pipeline **Accountability via reporting in all performance measures and through the CAGs**
Community		
Identify community outcomes Community outcome performance measures Accountability for community outcomes	Has WaterNSW engaged with and considered the broader community to understand their objectives, including traditional custodians of the land and water, while ensuring services are cost-reflective and affordable today and in the future?	**Attachment 5:** WaterNSW Stakeholder Engagement Summary Report Wentworth to Broken Hill Pipeline **Attachment 4:** WaterNSW engagement plan Wentworth to Broken Hill pipeline 2025 Resilence of pipeline is a community outcome. Sustainable outcomes re: water quality governed by Communication Protocol – Essential Water and Offtake Customers. Easement costs are paid.
Environment		
Identify environmental outcomes Environmental outcome performance measures Accountability for environmental outcomes	Has WaterNSW identified and met broader environmental objectives, while ensuring services are cost reflective and affordable today and in the future?	**Water quality** identified as key area for WaterNSW to support end use customers. Efficiency metrics in OPM**.** Outlined in **Algal Management Plan** and **Communication Protocol - Essential Water and Offtake Customers** Breaches reported to WaterNSW and Essential Water in a timely manner as outlined in above.
Choice of services		
Consider differentiated service offerings	Has WaterNSW provided opportunities to reflect customers' varied preferences for the tariffs and additional services they are willing to pay for?	**Pricing proposal:** Section 6: Proposed regulatory Framework - This section notes that WaterNSW seeks the continuation of the current practice of additional services/new connections to be negotiated directly with customers.
Robust costs		
Justify proposed expenditure Optimise between opex and capex Accountability for expenditure outcomes	How well does your proposal provide quantitative evidence that you will deliver the outcomes preferred by customers at the lowest sustainable cost?	Cost forms Customer Outcome 3: Efficiency and keeping costs low. Role of subsidy key in keeping price affordable for end use customers. Spending in accordance with agreed revenue. Annual reporting, reporting in the CAGs. Revenue and expenditure reported as per Table 4.5 in the Annual Information Return (AIR)
Balance risk and long term performance		
Understand long-term performance Manage risks and reprioritise	Has WaterNSW weighed the benefits and risks to customers of investment decisions, and how consistent are they with delivering long-term asset and service performance?	Sustainability of the pipeline key take away in engagement. Long term performance underpinned by Operations Management Plan (OMP) and Communication Protocol in Customer outcome 1 **Attachment 12:** Managing risk
Commitment to improve value		
Develop cost efficiency strategy	Has WaterNSW shown ambition in the cost efficiency targets and what steps have WaterNSW taken to demonstrate commitment to deliver on their promises? The business has a management/board approved and externally published cost efficiency strategy that includes:	**Pricing proposal:** Section 8.1: Efficiencies built into our proposal The WaterNSW Infrastructure Board has adopted the cost efficiency strategy as applied to, and published for, the WaterNSW bulk water and WAMC determinations. (Attachment 9 to the WaterNSW Bulk Water Proposal - https://www.ipart.nsw.gov.au/sites/default/files/cm9_documents/2024-Pricing-Proposal-WaterNSW-Attachment-09-Efficiency-program.PDF) However, noting that most of the operating and capital expenditures for the Wentworth to Broken

Accountability for cost efficiency outcomes	The business has a management/board approved and externally published cost efficiency strategy that includes: - an annual 'efficiency factor' across opex and capex - productivity improvements achieved and proposed, which highlight that the business is adopting innovations - how it has performed against current period targets	However, noting that most of the operating and capital expenditures for the Wentworth to Broken Hill pipeline as set either by refence to an external benchmark (and therefore not the actual costs) or to an existing contract that has been previously reviewed by IPART, the efficiency strategy is focused on those residual costs within WaterNSW control, specifically the SPV overhead costs. Further, there is a demonstrated intent to drive long term efficiencies, even where there are long term contracts in place. For example, WaterNSW has included an incentive in its contract with Trility to drive cost savings in key inputs such as energy costs. Notwithstanding that IPART sets the allowance based on benchmarks, WaterNSW and Trility both share in improvements realised.
Equitable and efficient cost recovery		
Propose cost-reflective prices Justify within-period revenue adjustments	Are WaterNSW's proposed tariffs efficient and equitable, and do they appropriately share risks between the business and their customers?	**Pricing proposal:** Section 17: Pricing Structures WaterNSW has proposed cost reflective prices that reflect the balance between fixed and variable costs. WaterNSW has not proposed any within period revenue adjustments although it does propose two true-up mechanisms to be reviewed again at the next determination.
Credibility principles		
Delivering	Can the proposed expenditures and service outcomes be delivered in the timeframe proposed?	There is an existing contract with Trility to deliver capital and maintenance activities. There is a proven delivery capability noting that the proposal includes only incremental changes to historic expenditure levels. The contract was previously reviewed by IPART and its consultants and found to be efficient and deliverable as per https://www.ipart.nsw.gov.au/sites/default/files/documents/consultant-report-by-synergies-expenditure-review-of-waternsw-broken-hill-pipeline.pdf
	Has progress been set out against key investments and performance targets (both short- and long-term) will be regularly monitored and communicated to its customers?	Reporting annually and through the CAGs, via regular meetings with Trility and Essential Water.
	Are there plans for foreseeable future challenges, including strategies for how it will reprioritise and adapt as changes arise?	Mechanisms in Operations Management Plan and Communication Protocol.
	Has the proposal has been approved by the Board (or equivalent), who endorse that the proposal would best promote the long-term interests of its customers? Does the proposal have evidence of a robust assurance process to ensure the veracity of information provided to IPART?	**Attachment 1:** Quality assurance and board attestation
Continual improvement	Has the business conducted a justified self-assessment?	**Pricing proposal:** Executive Summary **Attachment 3:** Self-assessment against IPART's grading rubric
	Have the performance targets been monitored and communicated to customers over the previous period, consistent with past regulatory proposals?	Regular reporting is provided to Essential Water, meetings with stakeholder councils.
	Has the business demonstrated how experience and lessons from past determination period/s have been integrated into current and future/long-term strategies, where gaps remain, and how future plans will address these?	Reflected in the Operations Management Plan and Communication Protocol to ensure optimal operations and timely communications
	Has the business identified any shortcomings in its proposals including its plans to address any shortfalls?	Nil idented at this time