Tingwall

# Sydney Desalination Plant

## Customer and stakeholder engagement report

September 2026

SYDNEY DESALINATION PLANT

# Executive summary

**Engagement supporting a customer-centric RP4**

Sydney Desalination Plant (SDP) has conducted a thorough customer and stakeholder engagement process to inform its fourth pricing proposal (RP4). Engagement findings have materially altered SDP's proposal to better reflect customer value, efficient costs, and credible commitments.

As a bulk water supplier, SDP's only direct customer is Sydney Water. Its primary engagement obligation is to engage and consider the needs of its customer. SDP chose to go further, recognising that its service, investment, and operating decisions ultimately affect the people and businesses of Sydney through water security, reliability, and customer bills.

The engagement brought together a Customer Advisory Panel (CAP), Sydney Water, and the NSW Department of Climate Change, Energy, the Environment and Water (DCCEEW), supported by SDP's technical and regulatory expertise. Each party brought a different perspective. The CAP represented and interpreted end-use customer values, Sydney Water provided inputs as SDP's direct customer, and DCCEEW provided government policy and long-term water security context.

**A fit-for-purpose approach**

SDP engaged Tingwall, a specialist research and engagement consultancy, to design a program tailored to SDP's unique circumstances.

The CAP primarily comprised sophisticated customer and community representatives and advocates. Its role was not to generate new customer insights, but to interrogate existing evidence and challenge SDP to consider how end-user values should inform SDP's regulatory proposal.

Sydney Water's broader customer engagement underpinned this work. This included analysis of more than 30,000 customer comments and data observations to focus on the components of value that SDP contributes to. Combining this evidence with the CAP's judgement provided both a broad understanding of customer preferences, and deeper consideration of the complex decisions facing SDP.

**Collaboration with meaningful influence**

SDP committed to the International Association for Public Participation (IAP2) *Collaborate* level of participation, promising to incorporate CAP recommendations to the maximum extent possible and explain where this could not be achieved.

Participants influenced not only the recommendations, but also the engagement process itself. They helped determine the agenda and matters requiring deeper consideration, identified information gaps, and challenged the evidence presented.

The resulting engagement involved detailed consideration of complex issues. The depth of exploration encouraged participants to move beyond expressing general, personal preferences to consider trade-offs between affordability, reliability, resilience, environmental outcomes, expenditure, and risk.

 All slides and material are commercial-in-confidence. © Tingwall. All rights reserved.

Tingwall

**Clear guidance for SDP's proposal**

The CAP chose to consider service levels, energy, expenditure, and a range of other regulatory matters, including *Customer Outcomes* and *Performance Measures*, *financial incentives*, and expansion planning.

Across these topics, the CAP's recommendations consistently emphasised maintaining safe, reliable, and responsive services, while recognising the importance customers place on fair and affordable bills. The CAP supported prudent and efficiently timed expenditure, greater accountability through meaningful *Performance Measures*, and investment where customer benefits could be clearly demonstrated.

The engagement also created a documented connection between end-use customer values, participant recommendations, and decisions within the pricing proposal.

**Engagement that materially influenced RP4**

SDP's response to the CAP's recommendations demonstrates that the engagement had genuine influence on RP4. The proposal incorporates all CAP recommendations, with participant advice contributing to stronger efficiency expectations, the deferral or rescheduling of non-essential expenditure, a more targeted approach to expansion planning, and clearer performance and reporting commitments.

This provides strong evidence that SDP's engagement operated at the Collaborate level and supports IPART's 3Cs expectations. It placed customer preferences at the centre of decisions, tested services and expenditure for efficient and sustainable cost, and provided an evidence base that supported the business' decisions.

**Closing the loop**

SDP closed the loop with participants by reporting how their recommendations had shaped RP4. The process also provided the CAP with an opportunity to assess whether SDP had fulfilled its *Collaborate* promise.

The CAP's endorsement relates to SDP's engagement commitment, not the price proposal itself. This endorsement was provided by the Independent CAP Chair in a letter to SDP, submitted to IPART as Attachment 3 to SDP's RP4 proposal.

Overall, the engagement represented a substantial commitment by SDP to understanding and incorporating the interests of Sydney Water and its end-use customers. It went beyond the engagement expected of a bulk water supplier and provides a strong foundation for a customer-centric, cost-efficient, and credible RP4 proposal.


All slides and material are commercial-in-confidence. © Tingwall. All rights reserved

# Contents


**Executive summary** 2

**1.0 Engagement design and process** 5
- 1.1 Background, regulatory context, purpose, and scope 6
- 1.2 What participants could and could not influence 8
- 1.3 Design rationale and engagement pathway 10
- 1.4 Engagement timeline 12
- 1.5 Who was engaged 13
  - 1.5.1 CAP recruitment, composition, and representativeness 14
- 1.6 Roles and responsibilities 15
- 1.7 Materials to support informed participation 16
- 1.8 How participants deliberated and developed recommendations 17
- 1.9 Engagement limitations and considerations 19

**2.0 What was considered and participant feedback** 21
- 2.1 Overview of engagement 22
- 2.2 Induction and context setting 23
  - 2.2.1 Customer engagement problem statement 24
- 2.3 SDP overview, site visit and engagement approach 25
- 2.4 Understanding customer values in the engagement agenda 26
- 2.5 SDP's preliminary price modelling, additional context and confirming the engagement agenda 28
- 2.6 Service levels 31
- 2.7 Energy 32
- 2.8 Expenditure 33
- 2.9 Other topics 34
- 2.10 SDP feedback, refinement of recommendations, and feedback on engagement 35

**3.0 CAP recommendations** 37
- 3.1 Consolidated recommendations 38

**4.0 Incorporating recommendations** 41
- 4.1 Finalising the engagement process 42
- 4.2 Closing the loop 43

**Appendices** 44
- Appendix A: Satisfying IPART requirements 45
- Appendix B: CAP Terms of Reference 48
- Appendix C: Detailed proceedings 50
  - Confirming the engagement agenda 50
  - Service levels 54
  - Energy 57
  - Expenditure 60
  - Other topics 63
  - Refinement of recommendations 66
- Appendix D: Supporting materials 72
  - CAP briefing pack contents 72
  - Glossary of terms 73
- Appendix E: Feedback and continuous improvement 81


 All slides and material are commercial-in-confidence. © Tingwall. All rights reserved.

Tingwall

Tingwall

# 1.0 Engagement design and process

# 1.1 Background, regulatory context, purpose, and scope

## Background

Every five years, water corporations in New South Wales are required to undertake engagement with customers prior to creating a pricing proposal. The pricing proposal outlines a corporation's pricing and investment strategy for the next five years. Engagement with customers in the planning of a pricing proposal supports corporations to understand their customers' values, willingness to pay for services, investment preferences, and risk tolerance.

The Independent Pricing and Regulatory Tribunal of NSW (IPART) outlines its expectations for engagement in the IPART Water Regulation Handbook (July 2023), commonly known as the 3Cs model.

The 3Cs regulatory framework is written primarily for the circumstances of retail water corporations, which supply water directly to end-use customers. SDP is a bulk water supplier whose only direct customer is Sydney Water, and its primary engagement responsibility is therefore to engage with Sydney Water.

However, SDP recognised that its expenditure, operations, and service decisions ultimately affect Sydney Water's end-use customers, including through customer bills and the reliability and security of Sydney's water supply. SDP therefore established a Customer Advisory Panel (CAP) to consider end-use customer perspectives alongside its engagement with Sydney Water.

## Regulatory context

SDP is a price-regulated business whose maximum prices are determined by IPART. Its next pricing proposal (RP4) is due in September 2026 and will inform prices applying from 1 July 2027 to 30 June 2032. The proposal will describe the services SDP intends to provide and the efficient prices required to provide them.

The 3Cs of the IPART framework are:

- **Customers:** customer preferences are central to business decisions.
- **Costs:** services and outcomes are delivered at the lowest sustainable cost.
- **Credibility:** proposed commitments are well justified, achievable and supported by evidence.

The framework expects regulated water businesses to demonstrate that customer preferences are central to decisions, services are delivered at the lowest sustainable cost, and proposed commitments are well justified and capable of being delivered.

Throughout this report, purple boxes highlight where SDP's engagement approach or supporting evidence demonstrates it has met the requirements of the 3Cs framework. Appendix A provides a consolidated evidence base and traces the engagement findings and recommendations to the relevant supporting materials.

## Purpose of engagement

SDP undertook engagement to support the development of its fourth pricing proposal (RP4) and to ensure it could continue delivering the drinking water services that the people of Sydney value. The engagement aimed to:

- appropriately balance costs and service levels within SDP's operating rules
- reflect Sydney Water's priorities, requirements, and expectations to the maximum extent possible

 All slides and material are commercial-in-confidence. © Tingwall. All rights reserved.

- understand Sydney Water and end-customer needs and preferences, which SDP identified as crucial to delivering in their long-term interests, and
- develop a customer-centric regulatory proposal that reflects and balances feedback.

SDP's engagement design supports IPART's expectations by:

- placing Sydney Water and end-customer values at the centre of proposal development
- enabling participants to consider trade-offs between service levels, reliability, investment, and customer bills
- testing whether proposed expenditure provides sufficient customer value
- creating a documented evidence trail between customer feedback, recommendations and SDP's decisions, and
- committing SDP to report back on how participant recommendations were incorporated or why they could not be adopted.

This provides the evidence and accountability needed to support a customer-centric, cost-efficient, and credible RP4 pricing proposal.

## Engagement scope

This report documents the Customer Advisory Panel (CAP) engagement undertaken to inform SDP's RP4 regulatory proposal. SDP also engaged separately with Sydney Water and the NSW Department of Climate Change, Energy, the Environment and Water (DCCEEW). These engagements are documented elsewhere and are outside the scope of this report. Where relevant, findings from these engagements are referenced to provide context for the CAP's deliberations.

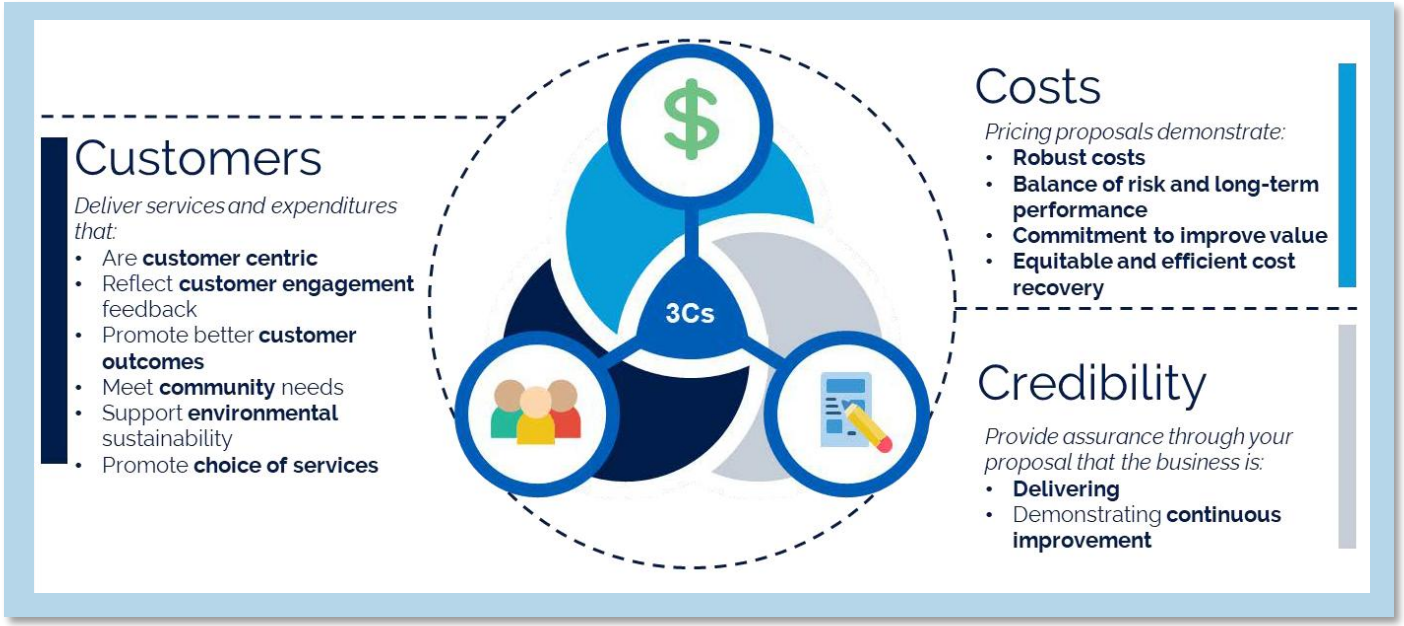



*Figure 1 - IPART's Water Regulation Handbook (July 2023) "3Cs Framework"*

**Alignment with IPART's framework:**
SDP's engagement went beyond minimum direct-customer requirements by bringing Sydney Water, DCCEEW, and a CAP of customer advocates together to consider end-use customer value, efficient cost, and credible commitments.


All slides and material are commercial-in-confidence. © Tingwall. All rights reserved

# 1.2 What participants could and could not influence

SDP identified early in the engagement process that the International Association for Public Participation (IAP2) *Collaborate* level of influence would guide the engagement. This meant that SDP committed to incorporating the CAP's recommendations to the maximum extent possible and explaining where recommendations could not be adopted. All participants had material influence over the engagement agenda, and the CAP was not restricted in the recommendations it could provide to inform the RP4 proposal.

**The boundaries of influence were made clear** throughout the engagement process. Participants were informed that SDP could act on matters within its regulatory proposal and operational responsibilities, but could not override its operating licence, drinking water quality requirements, environmental approvals, or other mandatory obligations. These requirements establish a minimum baseline for safe, reliable, and compliant operation. As a result, some expenditure and service standards were not optional, even where participants preferred lower costs.

Participants could still provide feedback on how proposed responses to non-negotiable commitments reflected end-use customer values. However, they could not recommend outcomes that would place SDP in breach of its licence or regulatory obligations.

SDP explained that matters involving Sydney Water's water-ordering requirements would continue to be discussed separately with Sydney Water and DCCEEW. Where these matters were relevant to customer value, cost, or SDP's technical, operational and contractual planning, participants were kept informed and given opportunities to comment.

**Regulatory requirements also shaped the scope of the CAP's advice**. SDP's proposal remained subject to IPART's assessment of prudency, efficiency, customer value, and credibility. Participants could provide advice and recommendations, but could not determine regulated prices or make decisions reserved for IPART. The CAP therefore developed recommendations that drew on the evidence provided, considered cost and bill impacts, and could be implemented within the regulatory framework.

**Sydney Water's role as SDP's direct customer and operator of the broader water supply network placed practical limits on the CAP's influence.** Participants could advise on how SDP should maintain its readiness, reliability, and flexibility, but could not direct Sydney Water's production requests or broader network investments.

For example, the CAP could consider the system-wide benefits of SDP's emergency response capability and proposed second drinking water tank, while any supporting network changes remained Sydney Water's responsibility. The CAP could also use the discussions to provide feedback on matters outside SDP's control directly to Sydney Water or the New South Wales Government.

**Government policy decisions were outside the CAP's remit.** Participants could consider advice from the Department of Climate Change, Energy, the Environment and Water (DCCEEW) about long-term water security, drought preparedness, and future expansion when shaping recommendations to SDP. However, the CAP was not asked to make recommendations to DCCEEW or determine New South Wales Government policy.

Although expansion was discussed, the CAP was cautious about advising whether and when it should be triggered. Decisions about duplicating capacity or investing in new water sources extended beyond the scope of the engagement process.

**Practical constraints also affected how the CAP framed its advice.** Participants provided guidance on the outcomes SDP should pursue, but did not prescribe technical solutions. For some topics, costs, feasibility, and system-wide benefits were still being investigated. The CAP therefore framed its recommendations around the conditions SDP should satisfy before proceeding. This kept the recommendations focused on customer priorities while leaving detailed design and investment decisions with SDP.

**Alignment with IPART's framework:**
SDP's engagement went beyond minimum direct-customer requirements by bringing Sydney Water, DCCEEW, and a CAP of customer advocates together to consider end-use customer value, efficient cost, and credible commitments.

 All slides and material are commercial-in-confidence. © Tingwall. All rights reserved.

Tingwall

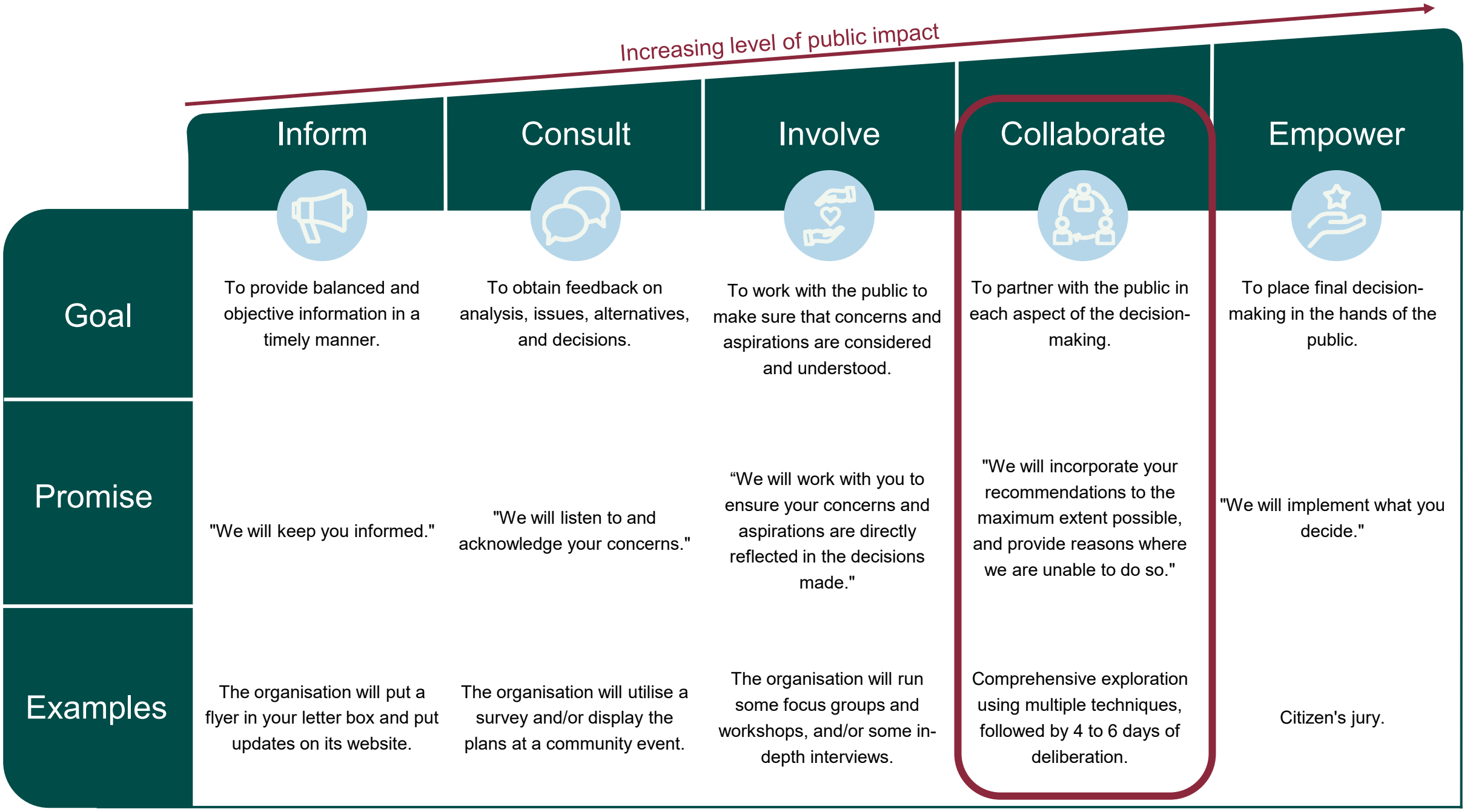



*Figure 2 – IAP2 Spectrum of Public Participation, Collaborate level*

# 1.3 Design rationale and engagement pathway

Tingwall designed the engagement to reflect SDP's unique role as a bulk water supplier. Sydney Water is SDP's direct customer, while Sydney Water's end-use customers are ultimately affected by SDP's costs, operations, and service decisions.

The process brought together:

- Sydney Water's operational perspectives
- the CAP's insights into end-use customer values and preferences
- DCCEEW's government policy and long-term water security perspective, and
- SDP's technical, operational, and regulatory knowledge.

SDP adopted a comprehensive, four-stage engagement process: activation, exploration, negotiation, and confirmation (see Figure 4).

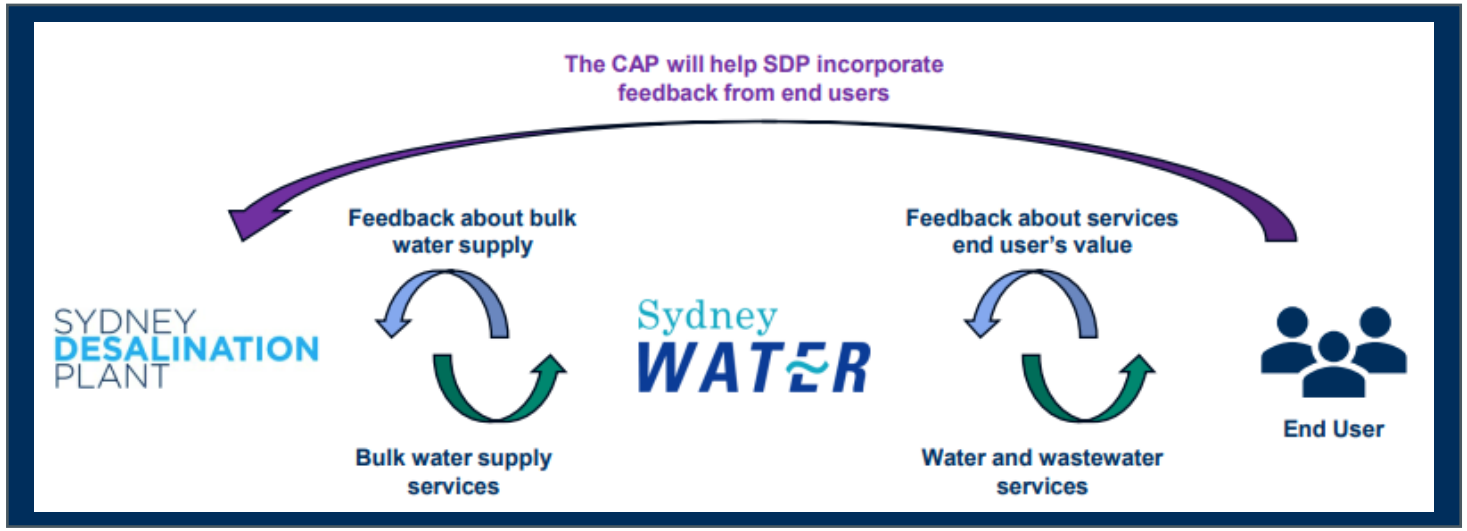



*Figure 3 - SDP customer relationship diagram*

## Activation - May to September 2025

SDP scoped and planned the engagement, identified a long list of topics for consideration, sought feedback from Sydney Water on the proposed approach, invited Sydney Water and DCCEEW to participate, established the CAP and developed its terms of reference (Appendix B), and held a CAP induction and orientation session.

 All slides and material are commercial-in-confidence. © Tingwall. All rights reserved.

Tingwall

## Exploration - September to December 2025

SDP first provided participants with the organisational and regulatory context needed to understand its role, regulatory proposal, and key challenges. Participants then considered findings from Sydney Water's *Our Water, Our Voice* engagement program, including analysis of more than 30,000 customer comments and data observations for evidence of SDP related values. This established a shared understanding of end-use customers' interests, concerns, and priorities, while identifying areas requiring further consideration.

Using existing Sydney Water engagement data enabled the process to incorporate perspectives from across its diverse customer base, which could not have been fully represented through a single advisory panel.

SDP asked CAP members to consider the prevailing values and preferences identified in the analysis, and apply them throughout their deliberations. This provided an efficient and consistent way to bring broader end-use customer perspectives into the engagement.

Once the wider context had been established, participants moved on to determining and confirming the topics and engagement format for the next stage of engagement. Giving participants an early and material role in shaping the engagement agenda ensured the subsequent deliberations focused on matters they considered important. Participants also had influence on the session length and frequency, delivery mode, feedback methodology, and information provided. The initial discussion and agreed engagement style are provided in Appendix C. This approach reflects the IAP2 *Collaborate* level of influence, and demonstrated SDP's commitment to a transparent, responsive, and inclusive process.

Some minor adjustments to the engagement agenda were made during the engagement, due to limited scope of influence for the CAP. All changes to the agenda were communicated to participants, with opportunities for the CAP to question, comment on, or raise concerns about the revised scope.

## Negotiation - January to July 2026

SDP provided detailed information on each participant-selected topic, including modelling of potential service, cost, and price impacts. It also responded to participant questions and addressed identified information gaps.

Drawing on this evidence, participants discussed trade-offs, tested different perspectives and worked collaboratively to develop and refine draft recommendations before finalising their advice for SDP's regulatory proposal.

Tingwall and SDP remained responsive to participant needs throughout the engagement, for example, by adapting the workshops to allow more CAP-exclusive discussion time when CAP members felt they were not given adequate time to come to an agreement about end-user customer values as a group, without influence from other participants. This adaptation formed part of a broader mid-engagement effort to seek and incorporate participant feedback on the engagement approach.

Tingwall maintained ongoing discussions with the CAP Chair about whether the CAP required additional opportunities to meet and what support would best meet its needs. Options included additional facilitated discussions with SDP, Tingwall facilitated CAP-only sessions, or the CAP meeting independently. The CAP ultimately chose to meet independently, with the Chair convening additional discussions outside the scheduled program.

## Confirmation - August 2026

The confirmation stage closed the loop with participants by presenting SDP's proposed plans alongside the recommendations, explaining how the recommendations had been considered and seeking confirmation that the *Collaborate* promise had been met. It provided an opportunity for participants to validate SDP's response before the regulatory proposal is finalised and submitted to IPART.

**Alignment with IPART's framework:**
Participants had a material role in determining and confirming the engagement topics for the next stage of engagement (see Appendix C). This ensured deeper deliberation focused on matters they considered important and where their input could meaningfully influence SDP's regulatory proposal.

**Alignment with IPART's framework:**
Participants influenced how the engagement was delivered, including session length and frequency, delivery mode, feedback methods, and the information provided. SDP and Tingwall adjusted the program in response to participant needs, demonstrating a tailored, iterative, and adaptive engagement approach.


All slides and material are commercial-in-confidence. © Tingwall. All rights reserved

# 1.4 Engagement timeline

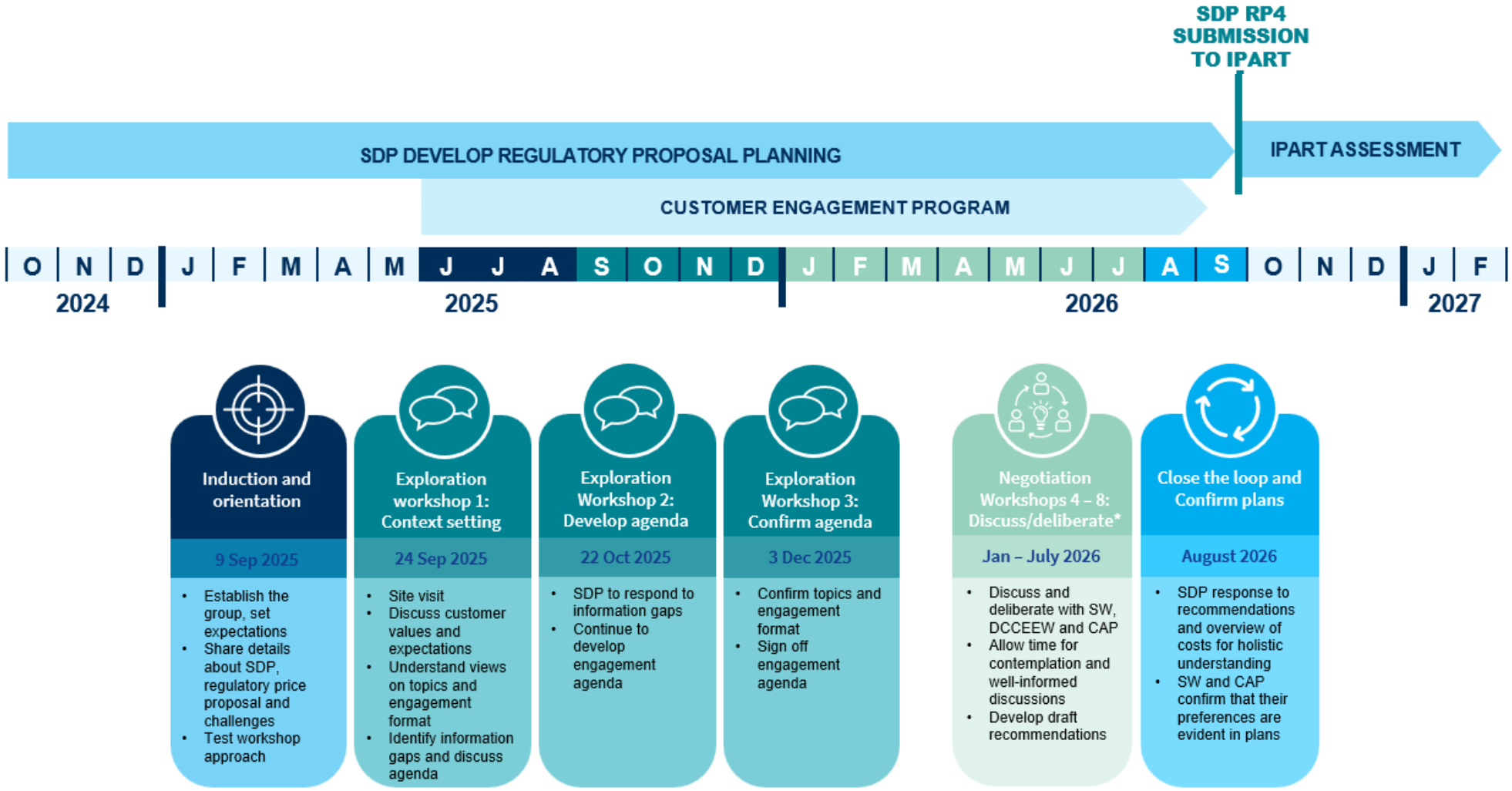



*Figure 4 - Engagement Timeline Diagram*

Tingwall

# 1.5 Who was engaged

The engagement involved the CAP, Sydney Water and DCCEEW with evidence from Sydney Water's end-use customer research. Each participant group contributed distinct evidence and experience to the CAP engagement process. Together, these perspectives enabled SDP to test areas of alignment and difference, and to consider customer value alongside operational requirements, system needs, and government priorities.

## Customer Advisory Panel

The CAP was central to the engagement design. Members were selected to contribute distinct customer and community perspectives, and to help SDP interpret how broader end-use customer values should apply to its regulatory proposal.

Collectively, the CAP provided insight into the diverse needs and priorities of Sydney Water's end customers, including views on affordability, service reliability, sustainability, and long-term planning. Section 1.5.1 explains how CAP members were selected, the perspectives represented by its membership, and why this composition was appropriate for SDP's engagement context.

## Sydney Water

Sydney Water was a critical participant in the engagement, contributing its priorities, operational requirements, and expectations for the bulk water services provided by SDP. It also shared context on its most recent regulatory proposal and the multi-year *Our Water, Our Voice* program, including how customer research and deliberative engagement explored priorities, willingness to pay, trade-offs, and bill impacts to inform pricing and strategic planning. Across the engagement, Sydney Water helped explain SDP's evolving role within Greater Sydney's water supply system, including the shift from a primarily drought-response asset to flexible full-time operation, while remaining available for planned production and emergency requests.

Sydney Water also provided data from *Our Water, Our Voice* for further analysis, enabling the CAP to consider end-customer needs and values alongside operational and broader system requirements when developing its recommendations.

## NSW Department of Climate Change, Energy, the Environment and Water (DCCEEW)

DCCEEW contributed to the engagement and the CAP's understanding by explaining relevant NSW Government policy, strategic water planning, and governance arrangements. Its participation helped clarify SDP's role within the broader water system, including which decisions sat with SDP and which remained matters for government. This context enabled the CAP to frame its recommendations within the appropriate decision-making boundaries.

*Figure 5 - Participants touring SDP facilities*

 All slides and material are commercial-in-confidence. © Tingwall. All rights reserved.

Tingwall

### 1.5.1 CAP recruitment, composition, and representativeness

During the activation phase, SDP identified and recruited potential CAP members through a combination of known customer advocates, existing engagement relationships and organisational networks, including the local council and university sectors. Some members were also identified through their previous involvement in Sydney Water engagement activities. This approach enabled SDP to bring together participants with a range of backgrounds, experience and community connections who could provide distinct perspectives on behalf of Sydney's water users. SDP also approached the La Perouse Local Aboriginal Land Council as part of its engagement with the local Aboriginal community. While they declined to become CAP members, Paul Ryan from the Land Council delivered the Welcome to Country during the workshop.

Individual CAP members contributed the perspectives of particular demographic groups within the broader end-use customer base. The engagement process enabled members to give voice to the distinct needs and values of the communities they represented, particularly factors that influenced how specific end-use customers interacted with the water supply network.

The CAP comprised six people, each selected for the distinct perspectives and skills they brought to the engagement process:

- Ruth Lavery, Independent CAP Chair, who provided independent governance, balanced facilitation, and oversight.
- Douglas McCloskey, Justice and Equity Centre, who represented a social justice perspective and the voices of less-heard community members.
- Jun Mo, University of Sydney student, who represented young people.
- Leah Tucker, Business Sydney, who represented business and commercial customer perspectives.
- Graham Turner, Council on the Ageing NSW, who represented older customers.
- Jordan Widenstrom, Sutherland Shire Council, who represented a local government perspective, with a focus on sustainability and long-term planning.

The CAP was not selected as a statistically representative sample of end-use customers, but the selection process did acknowledge the benefits of having a panel with diverse backgrounds and views. The process was not designed to generate new customer research. Instead, it provided a structured mechanism for a sophisticated advisory panel to consider existing Sydney Water end-customer feedback and preferences and provide guidance for SDP's regulatory proposal.

Deliberative customer panels are typically recruited from the general population using demographic or geographic criteria to ensure that the group broadly reflects the customer base. In contrast, the CAP primarily comprised sophisticated representatives and advocates. This approach ensured that CAP members could understand the evidence presented during the engagement process, challenge SDP and other stakeholders, and effectively articulate the interests of end-use customer groups.


All slides and material are commercial-in-confidence. © Tingwall. All rights reserved

# 1.6 Roles and responsibilities

This section clarifies each group's responsibilities in supporting the engagement, developing recommendations and connecting the process with SDP's governance and decision-making.

| Group | Responsibilities |
|---|---|
| Customer Advisory Panel members | To provide independent feedback and advice as customer advocates; interpret Sydney Water's broader end-use customer research; consider the evidence, trade-offs, and bill impacts presented; constructively challenge SDP; and develop and finalise recommendations for SDP to consider in its RP4 proposal to the maximum extent possible. (See the CAP Terms of Reference, Appendix B). |
| Independent CAP Chair | To support discussions, maintain CAP independence and governance, encourage balanced participation, and lead the CAP in developing and finalising its recommendations. |
| Sydney Water | To provide insight as SDP's sole direct customer and contribute relevant operational, commercial, and broader water-supply network context, including Sydney Water's requirements and priorities. |
| DCCEEW | To provide context on relevant government policy, strategic planning, water-provider obligations, and long-term water security. |
| Host organisation: Sydney Desalination Plant | To host and support the engagement; provide technical, operational, regulatory, and cost information; answer questions and address information gaps; and connect the engagement outcomes with SDP's governance, regulatory proposal, and decision-making processes. |
| Independent facilitators: Tingwall | To independently design and facilitate the engagement process, maintain the agreed ground rules, support informed and balanced participation, and document the proceedings and outcomes. |
| Observers: IPART | To attend selected sessions and observe the quality and integrity of the engagement process. |
| Observers: SDP Non-executive Directors | To attend all sessions, to observe the process, and hear participant feedback. |
| Operational and technical contributors: Veolia, Frontier Economics, and Baringa | To attend selected sessions, to observe, and provide practical, economic, or technical information where required to support informed discussion and consideration of options. |

 All slides and material are commercial-in-confidence. © Tingwall. All rights reserved.

Tingwall

# 1.7 Materials to support informed participation

| Material | Description |
|---|---|
| Foundational and governance documents | Participants received context setting documents including the CAP Terms of Reference (Appendix B) and CAP Briefing Pack. These documents explained the engagement purpose, engagement strategy, roles, scope of influence, regulatory context, and expectations for participation. |
| Induction and orientation materials | The CAP induction and orientation agenda and slide deck introduced SDP, the CAP's role, governance arrangements, the engagement problem statement, and the central SharePoint location where documents could be found. |
| Project SharePoint | Webinar recordings, presentation materials, Summary of Proceedings, responses to questions on notice, and reference documents were available to CAP participants through a central SharePoint. |
| Session agendas and logistics communications | Session agendas, calendar invitations, and participation instructions were provided before meetings. They advised participants of each session's purpose, timing, speakers, activities, and preparation requirements. |
| Webinar presentations and recordings | Webinar slide decks and recordings were provided before the related workshops. They gave participants time to understand discussion topics before workshop deliberations. |
| Technical and specialist information | Operational, economic, regulatory and energy-market information was included in webinar and workshop presentations, with specialist input from SDP, Sydney Water, DCCEEW, Veolia, Frontier Economics, and Baringa. This helped participants understand feasibility, constraints, risks, costs, customer bill impacts, and service consequences. |
| Workshop presentations | Workshop presentations were used to recap webinar evidence, provide additional information, introduce activities and topic challenge questions, and guide discussions. Workshop slide decks were shared with participants following each session. |
| Digital worksheets | Digital worksheets were used to structure online discussions. They helped participants record reflections, compare options, discuss trade-offs, and translate evidence into draft recommendations. |
| Question responses and supplementary information | Responses to questions on notice, and requests for further information were shared between sessions via email. They clarified terminology and assumptions, addressed evidence gaps and outstanding matters before later discussions. |
| Summaries of Proceedings | A Summary of Proceedings was circulated after the induction and each workshop. It recorded discussion themes, decisions, emerging recommendations, information requests, and next steps, providing a shared record and evidence trail across the program. Summaries of Proceedings were reviewed by SDP and the CAP Chair to ensure they were a fair and unbiased reflection of the workshop discussions. |
| Draft recommendations and feedback | Draft recommendations were included in Summaries of Proceedings throughout the engagement program. All participants received consolidated draft recommendations and SDP's feedback on recommendations in advance of the final workshop. |

**Alignment with IPART's framework:** Information was staged through briefing materials, webinars, workshops, summaries of proceedings and follow-up responses, enabling participants to build understanding before forming recommendations.

 All slides and material are commercial-in-confidence. © Tingwall. All rights reserved.

Tingwall

# 1.8 How participants deliberated and developed recommendations

Tingwall designed and facilitated an iterative process that enabled participants to build their knowledge, test information and consider different perspectives before the CAP finalised its recommendations. The approach was intended to be authentic, robust, inclusive, and responsive to participant and stakeholder needs.

## Building shared knowledge

For each principal topic, participants first attended a webinar where SDP and relevant subject matter experts presented information and responded to questions. A subsequent workshop provided dedicated time to reflect on the evidence, discuss customer values and operational considerations, explore trade-offs, and develop advice.

Separating information sharing from deliberation gave participants time to consider the material between sessions and identify further information needs. Questions could be raised during sessions, or between sessions. Where an answer was not immediately available, the question was recorded and referred to the relevant organisation or subject matter expert for a later response. CAP participants submitted questions through the CAP Chair, while Sydney Water and DCCEEW submitted questions to SDP. Questions and answers were shared with all engagement participants either in session, or via email.

## Supporting discussion and deliberation

Different discussion formats were used depending on the purpose of each activity:

- **Small-group discussions** with mixed participants gave participants an opportunity to contribute and explore issues in depth, while hearing from all stakeholder groups.
- **CAP-only discussions** gave CAP members space to synthesise evidence and develop their independent customer and community perspective.
- **Whole-group discussions** allowed emerging views to be compared, additional context to be provided and areas of alignment or difference to be tested.

In some activities CAP members were invited to contribute first, followed by Sydney Water and DCCEEW. This enabled the CAP to express its emerging views before hearing further operational or government policy context.

Worksheets and structured challenge questions were used where helpful to focus discussion, capture contributions, and connect participant views with customer values, costs, service outcomes, and implementation considerations.

## Maintaining a transparent record

Following each session, Tingwall prepared a Summary of Proceedings recording the key themes, questions, decisions, draft recommendations and next steps. The summaries were not verbatim transcripts, but they established a consistent evidence trail showing how information, deliberation, and participant feedback contributed to the recommendations. These summaries were issued as drafts, with time for all participants to suggest edits to improve the record.

Draft recommendations, worksheets, and other relevant supporting materials were included or referenced where appropriate. Participants were able to review the records and provide corrections or additions, supporting transparency and confidence in the documented process.

## Developing draft recommendations

Recommendations were developed progressively following each workshop. While the workshops produced emerging directions, principles, and qualifications, the CAP Chair then prepared draft placeholder recommendations reflecting the CAP's views. These draft recommendations were circulated to all participants in the Summary of Proceedings, and all participants were welcomed to review and provide comment.

 All slides and material are commercial-in-confidence. © Tingwall. All rights reserved.

Tingwall

The draft recommendation wording was intended to support further deliberation, not to represent a final position. Participants could identify omissions, clarify intent, and suggest revisions, and the CAP reconsidered its wording as additional topics, cost information, and stakeholder context became available. The workshop Summary of Proceedings describe these recommendations as drafts that would be amended and refined over subsequent sessions.

## Testing and refining recommendations

SDP, Sydney Water, and DCCEEW supported the CAP's deliberations by responding to questions and providing relevant technical, operational, regulatory, and government policy context. Their role was to help the CAP understand potential implications, dependencies, and constraints, rather than determine or challenge the CAP's position.

SDP reviewed the draft recommendations and identified matters that could affect their clarity, interpretation, or influence within the regulatory proposal. SDP provided more information about customer bill and service impacts, regulatory constraints, and noted differences between stakeholder perspectives to help the CAP finalise its recommendations.

SDP did not accept, reject, or direct the recommendations. At the final workshop, prior to the CAP's final revisions, SDP confirmed that the *Collaborate* promise could be met with all recommendations in their current form, if the CAP chose not to revise them.

The CAP retained ownership of the recommendations throughout the process. During the final workshop, the CAP independently considered the feedback and settled its final wording. SDP and Tingwall remained available to provide information or process support if requested.

In some instances, the CAP supported a proposed course of action only if certain conditions were met. Those conditions were included as qualifications to the final recommendation. Where evidence remained uncertain, or participants held different views, the CAP determined whether and how this context should be reflected in the recommendation or accompanying material. Some qualifications or areas of disagreement were provided in a supporting document as additional context to SDP.

Minor edits after the final workshop were limited to spelling, grammar, and presentation. They did not change the substance or meaning of the CAP's final recommendations.

### Sydney Water's recommendations

Both Sydney Water and DCCEEW were provided with a copy of the draft and final recommendations from the CAP and invited to make their own or separate recommendations for SDP to consider.

Sydney Water wrote to SDP outlining the recommendations they would like SDP to consider in finalising its proposal. The letter outlined support for SDP's engagement approach, and provided general support for the CAP's recommendations. Feedback was broadly aligned with the CAP's recommendations, with some qualifications and additional perspectives noted.

**Alignment with IPART's framework:**
Recommendations were developed iteratively: participants discussed emerging directions, the CAP refined draft wording, and SDP provided bill and service-impact context before final recommendations were made.

 All slides and material are commercial-in-confidence. © Tingwall. All rights reserved.

Tingwall

# 1.9 Engagement limitations and considerations

The engagement provides important evidence for SDP's regulatory proposal, but it should be interpreted with the following considerations.

**The CAP was not a statistically representative customer sample** (see section 1.5). This is appropriate in the context of IPART's framework, which does not prescribe an engagement methodology and recognises that engagement should be meaningful and fit-for-purpose.

The diversity of the CAP's composition was limited by the small number of participants. The process was inclusive in the sense that it incorporated broader customer evidence and provided different ways to participate, rather than because the CAP itself was statistically or demographically representative. The CAP's composition and participation limitations should therefore be considered when interpreting its recommendations.

**Some topics were subject to scope constraints** because SDP's ability to act on recommendations was shaped by its operating licence, policy and regulatory requirements, Sydney Water's role as the direct customer, existing contractual arrangements, and technical feasibility. While the engagement agenda was developed in partnership with participants, not every topic carried the same level of practical influence. Setting clear engagement boundaries is an important part of a well-designed process: participants need to understand where their feedback can influence decisions (see section 1.2).

**Some topics involved technical complexity** beyond what the CAP could reasonably be expected to assess in detail. Participants were encouraged to focus on values-based recommendations, including the outcomes, impacts, and trade-offs that mattered to Sydney Water end use customers, rather than technical means of production and delivery (see section 1.2).

**There is a limit to the time commitment that can reasonably be asked of customer advocates and stakeholders.** The CAP was asked to consider complex problems and decisions. The process therefore needed to balance the depth of deliberation required to inform SDP's proposal with the time participants could contribute, and the required submission date. While the program was designed to support informed participation, it was neither possible nor intended to train participants to be specialised technical experts.

The engagement commenced sufficiently early in SDP's RP4 proposal development process to allow for informed participation (see sections 1.3, 1.4, 1.8). This provided a practical pathway for the CAP to develop informed and considered advice within the time participants could reasonably give.

**Alignment with IPART's framework:**
SDP commenced the engagement early in its RP4 proposal development and staged it over time. This allowed participants to build their understanding through induction and context setting, shape the engagement agenda, identify information gaps, consider evidence between sessions, and develop and refine recommendations before the proposal was finalised. This led to informed and considered participation within the time participants could reasonably provide.

 All slides and material are commercial-in-confidence. © Tingwall. All rights reserved.

Tingwall

**Some recommendations were developed with awareness that the evidence base was still evolving** or that final assessment depended on further SDP, Sydney Water or market analysis.

**For service levels**, participants had information about SDP's role, licence obligations, emergency response function, and price modelling. The remaining limitation was system-wide rather than SDP-specific. Participants questioned how SDP compared with other options available to Sydney Water, whether greater reliance on SDP represented best value for Sydney Water end customers, and how broader network benefits, risks, and customer bill impacts should be weighed. These questions required a level of Sydney Water network assessment that sat beyond the scope of the engagement process.

**For energy**, the CAP was asked to consider customer values and trade-offs using the information available at the time. SDP's current renewable energy contract expires in 2030, meaning final procurement decisions will be made in a future market context. The key limitation was that energy costs, market conditions, regulatory settings, and production requirements may change before those decisions are made. The engagement therefore supported recommendations about procurement principles and customer priorities, rather than detailed procurement decisions.

**For expenditure**, the second drinking water storage tank was a clear example of a project where the evidence base was still developing. Participants considered potential benefits including reliability, flexibility, emergency response, storage capacity, and possible energy efficiency benefits, but did not have sufficient evidence to reasonably justify a strong position on whether the tank should proceed in RP4. Their feedback was therefore qualified by the need for SDP to provide clearer evidence that the benefits would outweigh the costs.

SDP managed these limitations by openly acknowledging where uncertainty remained, responding to participant questions, and seeking additional information from within the business and other stakeholders. Participants were consistently encouraged to question the information presented, challenge assumptions, identify where further evidence was needed, and request additional information before forming recommendations.

**All engagement has limitations.** Within those limitations, the CAP fulfilled its role by considering Sydney Water's needs, existing licensing and regulatory obligations, and providing informed recommendations that reflected what Sydney Water end-use customers value. Those recommendations remain highly valuable to SDP in developing a customer-centric RP4 regulatory proposal.

**Alignment with IPART's framework:**
SDP was transparent with participants about their roles, the scope and limits of their influence, how feedback would be used, and the uncertainties and constraints affecting each topic. The IAP2 *Collaborate* promise was established from the outset, supporting informed participation and realistic recommendations while clearly identifying matters outside SDP's control.

**Alignment with IPART's framework:**
The report documents material limitations affecting the engagement and its evidence base, supporting an accurate and objective account of how feedback was developed, interpreted, and used.


All slides and material are commercial-in-confidence. © Tingwall. All rights reserved

Tingwall

# 2.0 What was considered and participant feedback

# 2.1 Overview of engagement

The engagement began with a CAP induction, followed by orientation, context setting, and a site tour involving all participants. Participants then helped shape the engagement agenda before moving through a series of topic-based webinars and workshops. Webinars introduced the information needed for each topic, while the workshops provided time to discuss the issues, respond to key questions and develop feedback to inform SDP's pricing proposal. A roadmap of the sessions is shown below. Further details on each session are provided in the following sections.

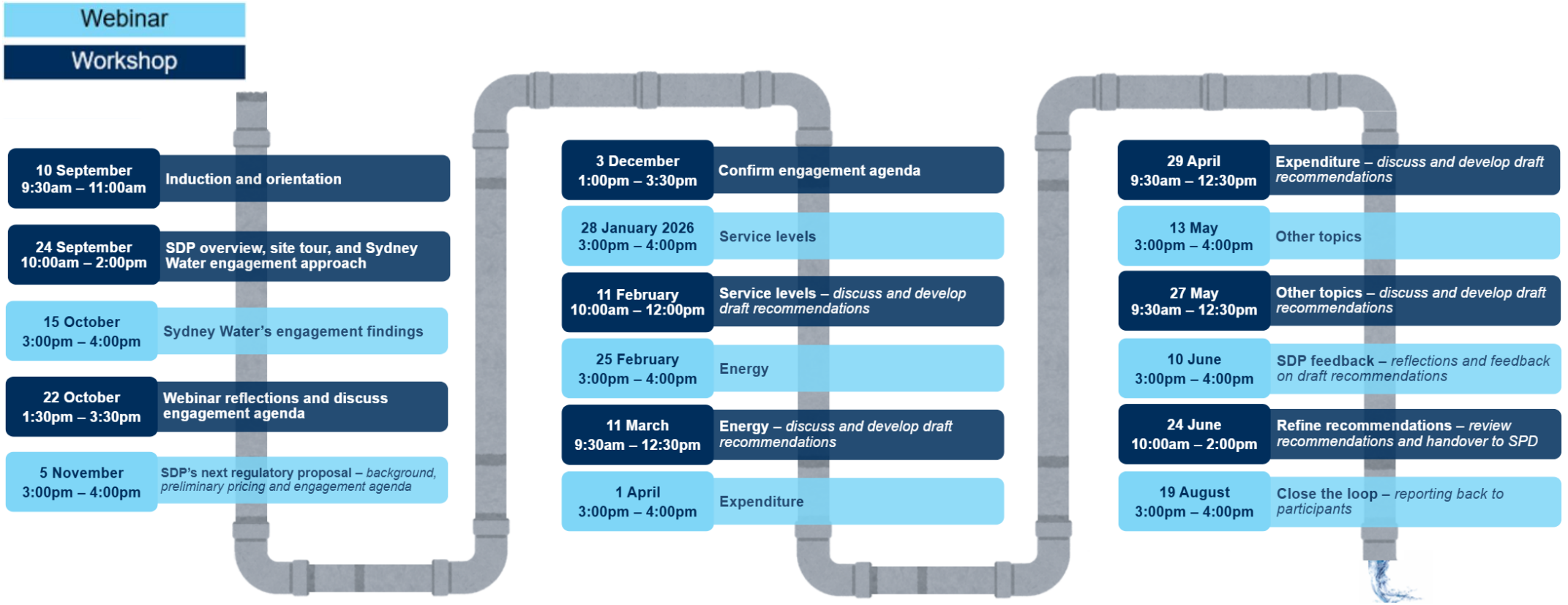



*Figure 6 - webinar and workshop sequence*

 All slides and material are commercial-in-confidence. © Tingwall. All rights reserved.

Tingwall

# 2.2 Induction and context setting

SDP took steps to ensure that the CAP understood its overarching purpose, and the task it would undertake to provide recommendations to inform the pricing proposal.

In the CAP induction and orientation session, SDP outlined its organisational vision, and how the engagement process aligned with SDP's vision. The customer engagement problem statement was presented to the CAP, as an overarching guide to the engagement scope and program. The session outlined several key items, including:

- the role and purpose of the CAP
- CAP Terms of Reference (Appendix B)
- IAP2 level of engagement SDP had committed to *Collaborate*
- the unique nature of SDP's engagement and the CAP's ability to give attention to end-use customer views and values
- the value of the CAP's input into the pricing proposal
- how SDP would incorporate feedback and how it would address any feedback they were unable to incorporate
- how the CAP would use Sydney Water engagement data to help them make choices in line with Sydney Water customer values and preferences
- the overarching problem statement that would be informing the direction of engagement (section 2.2.1)
- the CAP briefing pack and depth of information to be provided (Appendix D)
- SDP's role in Sydney's water resilience
- how participants would influence the agenda
- the various stakeholders and observers who would be involved in the engagement
- Tingwall's role as independent facilitators
- communication methods and record keeping, and
- meeting formats.

This session allowed for CAP participants to form as a collective. Participants discussed what they would contribute as individuals and collectively, helping make their different roles and perspectives visible.

Participants discussed the proposed webinar and workshop approach, and the CAP was given time to ask questions regarding the approach.

**Alignment with IPART's framework:**
SDP established the CAP's purpose, scope of influence, engagement promise, and ways of working. The induction, briefing pack, site tour, and technical presentations built the knowledge base needed for informed participation.

Independent facilitation by Tingwall and oversight from an Independent CAP Chair supported open discussion, constructive challenge, and balanced participation. Agreed ways of working and psychological-safety guidance further enabled participants to contribute freely and meaningfully.

 All slides and material are commercial-in-confidence. © Tingwall. All rights reserved.

Tingwall

### 2.2.1 Customer engagement problem statement

As Sydney's only major rainfall independent source of drinking water, SDP is an integral part of the city's drinking water supply, contributing to its long-term water security. SDP's vision is to be a great water company that provides safe, reliable and high-quality drinking water to the people, households and businesses of Sydney.

**How can SDP support Sydney Water, help deliver the NSW Government's Greater Sydney Water Strategy, meet our operating licence obligations, and continue delivering drinking water services that the people of Sydney value?**

 All slides and material are commercial-in-confidence. © Tingwall. All rights reserved.

# 2.3 SDP overview, site visit, and engagement approach

The first workshop brought all engagement participants together for shared context-setting, overview of the engagement approach, agreement on ways of working, and a tour of the plant.

## Context setting

Participants agreed in principle to the proposed engagement approach, including the use of webinars for information sharing and questions, and workshops for discussion and deliberation (see Appendix C). The iterative program would allow the CAP, Sydney Water, and DCCEEW to help define areas of focus in the engagement agenda, identify information gaps, request more information, and develop recommendations. SDP reiterated its IAP2 *Collaborate* commitment to incorporate recommendations to the maximum extent possible and explain where it was unable to do so.

Tingwall presented on psychological safety to ensure all participants would feel comfortable and supported through the engagement process, despite varying levels of knowledge and experience in the water sector (see Appendix D). Participants were encouraged to speak up with ideas, questions, or concerns; acknowledge mistakes or knowledge gaps; challenge assumptions, the status quo, or authority figures; and ask for help or clarification. The group was asked to respond with curiosity rather than criticism, listen and acknowledge contributions, consider whether everyone had been heard, support people who said they did not know, and speak up when a useful idea may have been overlooked. Questions could also be submitted on notice or raised to SDP or through the CAP Chair outside sessions.

## Site tour

The site tour showed participants how seawater enters the plant, is treated, and is distributed. It covered the intake and water-quality monitoring, chemical treatment and filtering, cartridge filtration, reverse osmosis process trains and membranes, energy recovery, chlorination, the drinking water storage tank, water-quality testing, and the pumping of treated water for distribution. Participants asked detailed questions about seasonal changes in seawater quality, algal blooms and jellyfish ingress, chemical use, membrane operation and replacement, energy consumption, renewable energy, backup power, and drinking water storage.

In post-tour presentations, SDP provided an overview of SDP and how it was built to provide water resilience. It included the history of SDP, SDP's current operations, and its operating licence requirements. It explained the plant's role as a rainfall-independent source of drinking water, its production capacity, its response to droughts, floods and other system events, the move to flexible full-time operation, Annual Production Requests, and the history of expansion planning.

## Customer and Stakeholder Engagement

SDP outlined the importance of engaging with key stakeholders, and how the CAP would play an important role in the engagement process. It revisited the customer engagement problem statement and its promise to incorporate feedback to the maximum extent possible.

It clarified the respective roles of the CAP, Sydney Water, DCCEEW, and IPART, and introduced the key issues for the next regulatory period:

- services provided to Sydney Water
- long-term operation and capital planning
- asset and membrane replacement
- a possible second drinking water tank
- efficient energy procurement, and
- lessons from flexible full-time operations.

Sydney Water also introduced its *Our Water, Our Voice* engagement program, including how it explored customer priorities, willingness to pay, trade-offs, and bill impacts through quantitative, qualitative, and deliberative methods. It noted that this research would be the starting point for CAP considerations of customer values.

 All slides and material are commercial-in-confidence. © Tingwall. All rights reserved.

Tingwall

# 2.4 Understanding customer values in the engagement agenda

## Sydney Water's engagement findings

In a webinar, Tingwall presented on Sydney Water's existing end-use customer research and its independent re-analysis of the underlying qualitative data. Tingwall explained that, because SDP would not undertake a separate program of end-use customer engagement, this evidence would help participants understand the broader values and priorities of Sydney Water's end customers, and to consider whose interests they were representing throughout the engagement.

Tingwall introduced the sources of the evidence, including Sydney Water's *Our Water, Our Voice* engagement program, its *Customer Outcomes,* and the methodology used to analyse the findings. Rather than relying only on Sydney Water's published reporting, Tingwall re-analysed the raw data through an SDP-specific lens to test the findings and identify the customer values and preferences most relevant to SDP's regulatory proposal.

The analysis considered more than 30,000 customer comments and quotes collected through Sydney Water's online surveys and panel sessions. Tingwall explained how comments were reviewed, coded into themes, and grouped into broader topic areas. This provided additional assurance about the consistency and relevance of Sydney Water's findings. Overall, Tingwall's analysis broadly aligned with Sydney Water's original findings, increasing confidence in the evidence presented.

The webinar explored five broad and interconnected customer values (see Figure 7):

- affordability and fair pricing
- water security, reliability, and resilience
- water quality and safety
- environmental sustainability, and
- customer experience and communication.

Tingwall also presented how the prominence and expression of these values varied across customer cohorts, including by age, gender, financial circumstances, location, and housing arrangements. The analysis illustrated, for example, how underlying values and personal circumstances could influence customers' responses to questions about water resilience, long-term planning, and willingness to pay.

Participants were encouraged to interpret key terms and findings carefully. Tingwall explained that customer references to water reliability could encompass continuity of supply, drought resilience, infrastructure performance, and confidence that water would remain available. While water quality generally referred to safe and clean water that protected health, it could also include taste, smell, and appearance.

The presentation concluded with additional research relevant to understanding customer preferences, including the WSAA Customer Perceptions Study, Sydney Water's Water Literacy Tracker and research into self-reported drinking water behaviours. Together, these sources provided further context on customer expectations, water literacy, affordability, trust and attitudes towards drinking water.

**Alignment with IPART's framework:**
SDP used Sydney Water's broader customer evidence and Tingwall's independent re-analysis to identify the end-use customer values most relevant to SDP's proposal, then asked participants to apply those values when shaping the agenda.

 All slides and material are commercial-in-confidence. © Tingwall. All rights reserved.

Tingwall

## Participants reflected on the findings

The webinar was followed by a workshop in which participants reflected on the findings. The webinar and workshop gave participants a clearer understanding of Sydney Water customers' priorities.

Participants first interpreted the findings. In separate breakout rooms, the CAP and the broader stakeholder group considered:

- What surprised you?
- What were the key takeaways?
- Were there differences in preferences between groups?

Participants considered the question, "What are the customer values that SDP could contribute to?", returning to separate breakout rooms for discussion. They were instructed that their views on customer values would be used in the following workshop to shape the engagement agenda.

The discussion highlighted affordability and bill impacts, safe and clean drinking water, water security and reliability, environmental sustainability, healthy waterways, emergency response, water literacy and communication. Participants also identified matters requiring further explanation, including the meaning of key terms, the data-analysis process and the available evidence relating to business customers. Tingwall responded to these questions by email after the session.

Together, the webinar and workshop established a broader customer evidence base that informed the topics selected for further consideration (see section 2.6). This evidence remained a reference point as participants later considered service options, costs, trade-offs and recommendations.

*Figure 7 - Sydney Water's five overarching customer values*

 All slides and material are commercial-in-confidence. © Tingwall. All rights reserved.

Tingwall

# 2.5 SDP's preliminary price modelling, additional context, and confirming the engagement agenda

In this webinar, the discussion moved from the customer evidence, on to SDP's preliminary price and expenditure forecasts. Once a fuller picture of available evidence was established, SDP presented a range of matters that participants could meaningfully influence when setting the engagement agenda.

SDP first restated the customer values identified through Sydney Water's engagement data. It then showed how SDP's services contributed to Sydney Water's *Customer Outcomes*, particularly fair and affordable bills, secure water supply, safe and clean water, reliable water services and environmental protection.

SDP explained that its September 2026 pricing proposal would determine prices for the five-year period from 1 July 2027 to 30 June 2032. The proposal would include forecast operating expenditure, a capital management plan and long-term capital forecast, future energy procurement, proposed efficiencies, required revenue and customer prices.

SDP explained that its forecast revenue requirement would be calculated using IPART's building block methodology. This brings together forecast operating expenditure, a return on capital, a return on working capital (WC), regulatory depreciation and tax, with other relevant revenue adjustments applied to determine the revenue to be recovered through prices.

Preliminary modelling was presented through a series of charts comparing the current and proposed regulatory periods. The modelling indicated:

- preliminary total revenue across the next regulatory period, as compared with the current period
- average real price increases before participant recommendations were incorporated
- a forecast production level of 36 GL a year, or approximately 40% of the plant's capacity
- the estimated SDP contribution to a typical Sydney Water household bill in 2027-28, comprising of fixed and variable charges
- SDP costs representing approximately 7-8% of a typical annual Sydney Water household bill
- forecast capital expenditure, including membrane replacement, replacement of the DWEERs (Dual Work Exchanger Energy Recovery) and a proposed second drinking water storage tank
- forecast fixed operating expenditure, with uncertainty around future variable expenditure because of energy-market conditions.

Together, this information introduced the trade-offs participants would need to consider when shaping the engagement agenda. These included the relationship between service levels, plant reliability and flexibility, expenditure and customer bills, as well as how costs and risks should be shared between SDP, Sydney Water and end customers.

**Alignment with IPART's framework:**
SDP provided preliminary price, expenditure and bill context before participants confirmed the engagement agenda. Participants then prioritised topics where their feedback could materially influence the proposal.

 All slides and material are commercial-in-confidence. © Tingwall. All rights reserved.

Tingwall

Participants were repeatedly advised that these figures were preliminary and would change in response to economic and market conditions (particularly energy prices) and to feedback received through the engagement.

SDP also explained a significant change to how its costs affected customers. Until 2025, the actual costs associated with the amount of desalinated water ordered by Sydney Water were passed through to end customers with a one-year lag. In 2025, IPART removed this cost pass through mechanism and instead Sydney Water now receives an allowance to purchase water from SDP, meaning end users would pay forecast fixed and variable charges rather than the actual variable cost of production.

Building on the price modelling and the trade-offs presented, SDP identified six key areas for participants to consider, where their feedback could help shape its next proposal:

- using customer engagement to better understand the value SDP provides
- applying lessons from the plant's transition to flexible full-time operations
- aligning capital and operating plans with the services valued by end customers, Sydney Water and the NSW Government
- maintaining water security as the plant and its assets age
- efficiently procuring renewable energy after SDP's current long-term contract expires in 2030, and
- allocating and managing risks between SDP, Sydney Water and end customers in a way that supports customers' long-term interests.

A broad map of possible engagement topics was displayed, covering operating and capital expenditure, service levels, plant reliability, emergency response, *Outcomes* and *Performance Measures*, energy procurement and usage, efficiency, the annual baseline production level, long-term capital planning, membrane replacement, risk sharing, insurance, incentive schemes, environmental expenditure, and customer education (see Appendix C).

The topics were colour-coded to make the boundaries of participant influence clear. Green topics were primarily within SDP's responsibility and were therefore the areas where participant feedback could most directly influence its regulatory proposal. Blue topics were primarily the responsibility of Sydney Water. Participants could provide feedback on these matters, particularly because Sydney Water was involved in the engagement, but SDP could not determine the outcome independently. Red topics were controlled by the NSW Government through policy, regulatory, or licence requirements. Participants could provide feedback, but SDP had limited ability to change them through its regulatory proposal. Feedback could instead be shared with government and potentially inform longer-term decisions.

SDP then highlighted the areas where participant feedback could make the greatest difference and invited participants to co-design the final engagement agenda at the following workshop. This helped focus the engagement on matters where recommendations could have a practical effect, while remaining transparent about topics outside SDP's direct control.

Participants had a material role in reviewing, prioritising, refining, and confirming the engagement agenda. The final mapping is available in Figure 11, Appendix C.

## Confirming the engagement agenda

In this workshop, participants worked collaboratively to construct the engagement agenda. After recapping the purpose of the sessions and how important the workshop would be to building trust between communities and the business, Tingwall went on to outline the collaborative approach that would be taken to developing the engagement agenda. (An outline of engagement activities and worksheets is included in Appendix C).

The activities began with a review of the potential engagement topics and the level of influence SDP had on each. Tingwall noted that the topics that had greater potential for influence (as presented in the webinar) had been grouped under four proposed topic areas: Service levels, Energy, Expenditure, and Other topics. Topics were reframed as questions to allow participants to better understand the proposed discussion topics. Participants could also identify additional topics or questions they considered important.


All slides and material are commercial-in-confidence. © Tingwall. All rights reserved

Participants worked in two mixed breakout rooms, with each room considering two topic areas. They discussed how feedback on each question could shape SDP's regulatory proposal, then mapped the questions according to their likely impact on customer bills and participants' level of interest in discussing them (see Figure 13, Appendix C). SDP representatives participated as active observers, providing context and answering technical questions without influencing the agenda-setting process.

Participants then reviewed the other group's work and discussed any areas of agreement or disagreement. Tingwall then combined the outputs into a single map for consideration by the full group. Once high-level agreement was reached, SDP communicated its plans to create a draft agenda and circulate it to participants to get further commentary.

Tingwall noted that the shared creation of the agenda was crucial to meeting SDP's ambition in its pricing proposal strategy and the CAP chair noted the session as demonstrating SDP's commitment to collaborative engagement.

Following confirmation of the agenda, the following sessions took a regular cadence of webinars followed by workshops. They covered the key engagement topics of service levels, energy, and expenditure, while other topics covered *Customer Outcomes* and *Performance Measures,* IPART's *financial incentive schemes* and expansion planning.

Sections 2.6 to 2.9 cover these topics at a high-level, while details of each webinar and workshop are included in Appendix C.

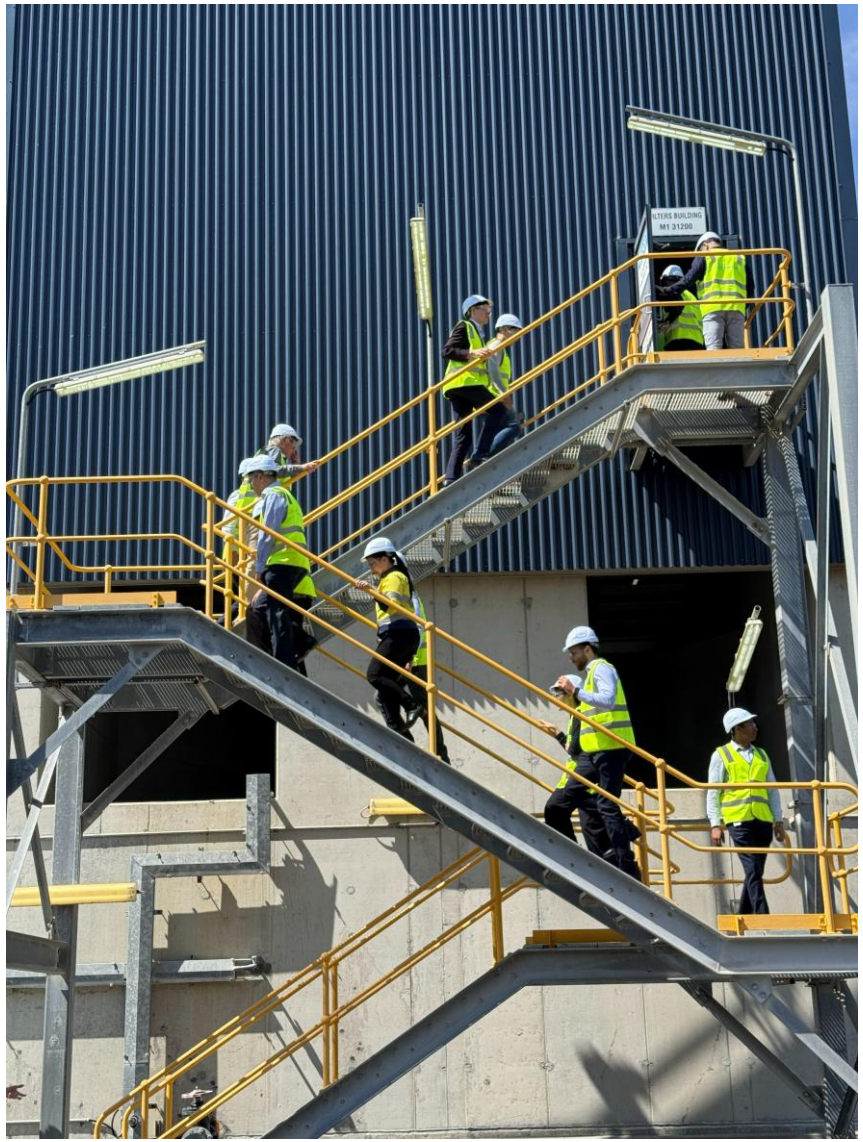


*Figure 8 – Participants visiting the Sydney Desalination Plant*


All slides and material are commercial-in-confidence. © Tingwall. All rights reserved

# 2.6 Service levels

## What was considered

Participants considered whether SDP's current service levels appropriately balance reliability, availability, emergency response capability and costs to customers. The discussion focused on:

- plant reliability and availability
- SDP's operating licence requirements and Sydney Water's Decision Framework, including how Sydney Water orders water through Annual Production Requests, planned production requests and unplanned or emergency production requests
- the relationship between service levels, operating costs, asset replacement or upgrade decisions, and customer bills
- preliminary price modelling, showing indicative customer bill impacts for reducing, maintaining or improving current service levels
- how plant operations and service levels have an impact on energy consumption and operating and capital expenditure, and
- how SDP service levels align to the values of Sydney Water customers.

## Service levels challenge question

We know that Sydney Water customers value water security, reliability and resilience, water quality and safety, and affordability and fair pricing, environmental sustainability and customer experience and communication.

Increasing the reliability and availability of the plant can have an impact on customer bills. We want to better understand the value that end-use customers, Sydney Water and stakeholders place on the services we provide. We are seeking principles-based recommendations for the following:

The services SDP provides are linked to how reliable and available the plant is, and this drives its operating costs.

To better align its services with the values and priorities of customers, SDP is looking for recommendations on whether it should make changes to how reliable the plant is, and how available and flexible it is to respond to emergencies and other production requests.

## What was heard

- There is strong support for SDP continuing to provide services that are consistent with the requirements in its operating licence.
- Services should reflect the values and preferences of both Sydney Water and end-use customers.
- End-use customers expect SDP to efficiently contribute to providing the people of Sydney with secure, reliable and affordable water services.
- While SDP is important, SDP should recognise that end-use customers prioritise fair and affordable bills.
- SDP should look for opportunities to defer or delay non-essential projects.
- SDP's emergency response function is important, and SDP should continue to maintain its ability to respond to emergencies.
- Any expenditure that enhances or improves SDP's services needs to be well justified, with benefits clearly outweighing costs.

**Alignment with IPART's framework:** Participants considered whether current service levels best balance licence obligations, emergency response, reliability, flexibility and customer bills. The discussion focused on whether any improvement would create benefits that clearly outweigh costs.

 All slides and material are commercial-in-confidence. © Tingwall. All rights reserved.

Tingwall

# 2.7 Energy

## What was considered

Participants considered how SDP should procure energy while balancing affordability, price certainty, production flexibility and broader water system needs. The discussion focused on:

- The scope of influence surrounding questions of energy procurement, energy usage and their impact on customer bills
- SDP's existing energy procurement commitments, and the benefits and drawbacks of the current fixed contract
- alternative options for ongoing energy needs, and the associated risks
- the values of the people of Sydney, and indicative financial costs and risks with pursuing different energy options, and
- supplementary questions for which recommendations could be provided to have a genuine impact on SDP's regulatory proposal.

SDP noted that financial evidence was indicative and scenario-based. Future energy prices, production volumes, available procurement products, and regulatory arrangements after 2030 remained uncertain.

## Energy challenge questions

There were four challenge questions considered on this topic.

SDP has roof space for solar and some land for small-scale batteries. Should SDP invest in on-site renewable energy?

The people of Sydney value certainty and affordability, but the earlier we lock in our power purchase, the more we are likely to pay because suppliers would charge a premium. What factors should influence SDP's decision about when to lock in our energy contract post 2030?

SDP can lock in our purchase of a little or a lot of our forecast energy needs. The more we lock in, the more we are likely to pay, but it also provides more price certainty. What are your recommendations about the things that should guide us when deciding how much of our energy needs to lock in?

In the past, SDP has committed to buy energy supply from one generator, Capital Wind Farm. How important is it that you know where the energy is coming from?

## What was heard

- The flexibility that SDP provides supplementing drinking water supplies and providing emergency response are valuable, despite coming with additional energy costs.
- SDP should lock in some of its energy purchases post-2030 and procure additional energy as needed to balance price certainty, affordability and flexibility.
- SDP should look to balance flexibility and certainty in how it procures energy post-2030.
- End-use customers would expect SDP to be as efficient as possible in how it uses energy. Energy efficiency should be a focus for SDP.
- While end-use customers value SDP's renewable procurement, they also value affordability and therefore would likely be indifferent as to where SDP sourced its renewable energy.
- The CAP did not support investment in on-site solar and batteries unless they would provide economic benefits to end-use customers.

**Alignment with IPART's framework:** Participants weighed renewable-energy obligations against affordability, production uncertainty, energy-market risk and flexibility after 2030. Their recommendation prioritised efficient renewable procurement and avoiding unnecessary guaranteed cost.

 All slides and material are commercial-in-confidence. © Tingwall. All rights reserved.

Tingwall

# 2.8 Expenditure

## What was considered

Participants considered how SDP's expenditure decisions could reflect customer values while delivering clear benefits at an efficient cost. The discussion focused on:

- current environmental and community initiatives, including SDP's commitment to net-zero (Scope 1 & 2) emissions by 2050
- SDP's forecasts for both operational and capital expenditure
- the proposed plan for a second drinking water storage tank, its alignment with customer values, its benefits, and its potential impact on customer bills
- upcoming asset renewal and replacement plans, their cost, and their role in the continued efficient functioning of SDP, and
- SDP's cost efficiency strategy and focus on investment in innovation.

SDP noted that the expenditure forecasts and project estimates presented were preliminary and did not represent completed business cases. Some project benefits, costs, timing, and deliverability assessments remained under development.

## Expenditure challenge questions

Are SDP's current investments in local community and environment initiatives more, equal to, or less than what the people of Sydney would expect?

What are your recommendations about the things we consider when planning our expenditure, and how to best align our considerations with the values of the people of Sydney?

Do you have a view on the pros and cons of SDP building a second drinking water storage tank now?

Do you have recommendations about how much SDP should focus on innovation and improving the plant's efficiency?

## What was heard

- SDP's expenditure decisions should be aligned with community values and priorities.
- There was support for SDP spending more on local and environmental initiatives.
- Innovation and improving the plant's efficiency is important, but the community doesn't expect SDP to be an innovation leader.
- There was general support for SDP's approach to replacing the DWEERs and how it intends to manage, maintain and replace RO-membranes over the regulatory period.
- There was general support for building a second drinking water tank if SDP can demonstrate that the benefits exceed the costs.

**Alignment with IPART's framework:**
Participants applied end-use customer values to SDP's long-term capital and operating expenditure plans, testing whether proposed investments were prudent, efficiently timed and justified by benefits that outweighed their costs and bill impacts. This included asset renewal, DWEER and membrane replacement, innovation and the proposed second drinking water tank, with particular attention to affordability, reliability, emergency response, whole-of-life costs and opportunities to defer non-essential expenditure.

 All slides and material are commercial-in-confidence. © Tingwall. All rights reserved.

Tingwall

# 2.9 Other Topics

## What was considered

Participants considered several other matters that could affect customer value, customer bills and SDP's next regulatory proposal. The discussion focused on:

- SDP explained the role of annual baseline production and the trade-offs between production volume, service levels, system readiness, and customer costs
- SDP and Sydney Water had undertaken detailed technical analysis, which supported reducing the annual baseline[1]
- SDP's potential adoption of Sydney Water's *Customer Outcomes*, and the relevant *Performance Measures* that would be used to assess their adherence to the *Outcomes*
- SDP's potential participation in IPART's *financial incentive schemes*, and their relevance to end-user customer interests, and
- expansion planning expenditure, the four levels of planning SDP could engage in, and their respective cost and benefit to end-use customers.

The expansion options included indicative expenditure and customer bill impacts. *Outcomes*, *Performance Measures*, and incentive schemes were considered principally through qualitative customer-value, accountability, and risk considerations rather than option-specific cost modelling.

## Other topics challenge questions

What are your recommendations about the *Outcomes* and *Performance Measures* SDP should adopt for the next regulatory period?

Would applying expenditure and outcome incentives on SDP align with the values of the people of Sydney?

Would the people of Sydney expect SDP to spend money now to prepare for, reduce risk and potentially reduce the time to deliver the expansion project?

## What was heard

- There was support from all workshop participants for SDP to adopt Sydney Water's *Customer Outcomes*. These *Outcomes* reflect the values and preferences of the people of Sydney.
- It was however noted that some *Outcomes* are more relevant than others.
- *Performance Measures* should be challenging and additional to any licence requirements. There was general support for *Performance Measures* focused on helping Sydney Water achieve its water quality and reliability *Customer Outcome*.
- The CAP did not find the three *financial incentive schemes* essential, and regarded the efficient operation of SDP as a fundamental part of its core business.
- Some workshop participants supported SDP spending more now to prepare for expansion (options 3 and 4). The CAP did not support spending a lot more to prepare for expansion (options 1 and 2).

**Alignment with IPART's framework:** Participants considered *Outcomes* and *Performance Measures*, IPART's *financial incentive schemes*, annual baseline production and expansion planning. The discussion linked customer value with accountability, incentives and long-term risk.

[1]Given the technical nature of the matter and the limited scope for participant influence, it was presented as an update rather than progressed as a deliberative CAP topic. However, the CAP was still invited to make recommendations or provide feedback if it chose to do so.

 All slides and material are commercial-in-confidence. © Tingwall. All rights reserved.

Tingwall

# 2.10 SDP feedback, refinement of recommendations, and feedback on engagement

In the closing stages of engagement, the CAP worked independently to develop its draft recommendations outside the scheduled participant sessions. CAP members met separately to review and refine the emerging recommendations and communicated by email between meetings.

At the 10 June 2026 feedback webinar, SDP presented its understanding of what it had heard across the service levels, energy, expenditure and other topics workshops. SDP then responded to the draft CAP recommendations, explaining:

- which recommendations were already clear and could be considered in their current form
- where more precise wording could increase their influence and impact, and
- where constraints, trade-offs or potential customer bill impacts should be considered.

SDP also noted that recommendations from the CAP may differ from feedback received from Sydney Water and DCCEEW.

SDP did not accept or reject any draft recommendations at this stage. Its purpose was to provide information and guidance before the CAP finalised them. SDP asked that the final CAP recommendations be short, clear, explicit and grounded in the values of the people of Sydney. It also reminded participants that recommendations have potential bill and service-level impacts.

The CAP questioned whether recommendations should be ordered or weighted according to their importance and emphasised that even small bill impacts matter to customers. Sydney Water and DCCEEW were also invited to provide context, including on drought preparedness, long-term water security, future expansion and the proposed second drinking water tank.

The webinar established the matters requiring further consideration at the final workshop and gave participants time to reflect, discuss the wording and identify any remaining information gaps.

## Workshop 8 - Refinement of recommendations

The final workshop on 24 June 2026 brought the CAP, Sydney Water, DCCEEW, SDP and members of the SDP Board together before the CAP finalised its recommendations.

SDP revisited the feedback provided in the webinar and noted that the existing CAP recommendations were sufficiently developed for consideration, although further refinement could improve their precision and influence. SDP also provided detailed summaries of bill and service level impacts of the draft recommendations (Appendix C). Sydney Water and DCCEEW then provided additional context and the CAP asked questions before making any final changes.

In this session, participants also provided feedback on the engagement process and discussed how SDP should approach future engagement. This included whether SDP should build on the current approach or undertake broader engagement directly with end-use customers in future. An engagement feedback form was circulated to participants following the session. Results of this feedback are presented in Appendix E.

**Alignment with IPART's framework:**
Before final recommendations were made, SDP tested its understanding of the emerging recommendations, highlighted constraints, bill and service impacts, and allowed CAP members to refine their advice independently.

 All slides and material are commercial-in-confidence. © Tingwall. All rights reserved.

Tingwall

Participants were invited to provide feedback directly to the SDP Board. This allowed Board members to hear participants' reflections on the engagement and the issues they considered important.

Sydney Water, DCCEEW, and other non-CAP participants departed the session and left the CAP to consider the information presented to refine and finalise recommendations. The final recommendations largely retained the intent of the draft recommendations developed throughout the preceding workshops.

The CAP presented its final recommendations to an SDP representative at the close of the workshop (Jordan Widenstrom was an apology for the session). The CAP also agreed that, following the close-the-loop process, it would provide SDP with a letter to accompany its final recommendations, setting out any additional context or divergent views and confirming whether SDP had fulfilled its engagement promise to *Collaborate*.

*Figure 9 – SDP CEO Phil Narezzi receiving final recommendations from CAP members Ruth Lavery (CAP Chair), Douglas McCloskey, Leah Tucker, Jun Mo and Graham Turner.*


All slides and material are commercial-in-confidence. © Tingwall. All rights reserved

Tingwall

# 3.0 CAP recommendations

# 3.1 Consolidated recommendations

In the final workshop all participants came together to discuss the topics covered over the engagement period, before the draft CAP recommendations were edited and finalised. The recommendations show how the CAP translated customer values into practical proposal guidance on service levels, energy, expenditure, *Outcomes* and *Performance Measures*, incentives and expansion planning.

The recommendations are presented here in full.

## Service levels

The CAP final recommendations on the topic of Service levels, as presented to the CEO of SDP following the conclusion of the final workshop, are as follows:

1. SDP continues to provide services that:
    a) are consistent with the requirements of its operating licence,
    b) are consistent with the values and relevant preferences of Sydney Water and end customers, and
    c) most efficiently contribute to providing the people of Sydney with secure, reliable and affordable water services.
2. In developing its proposal, SDP should:
    a) recognise that end-customers value *fair and affordable bills*, and
    b) identify opportunities to defer or delay non-essential expenditure that does not contribute to optimising its efficient operation within the regulatory period, consistent with its operating licence.
3. Any expenditure or project that enhances or improves SDP's services, including its ability to respond to other production requests, needs to be well justified according to the values and preference of Sydney Water and end customers - with benefits to the people of Sydney clearly outweighing costs.

 All slides and material are commercial-in-confidence. © Tingwall. All rights reserved.

Tingwall

## Energy

The CAP final recommendations on the topic of Energy, as presented to the CEO of SDP following the conclusion of the final workshop, are as follows:

4. In developing its proposal, SDP should:
    a) look to minimise guaranteed cost to customers when procuring energy from 2030 onwards, through prudent contracting occurring closer to 2030,
    b) when contracting, consider the following factors when deciding how much energy to lock in:
        i. lock in only the energy necessary to deliver required minimum annual production,
        ii. otherwise minimise the locked-in cost to customers,
        iii. retain flexibility to respond to Sydney Water's other production requests and broader system needs, and
        iv. use an approach that aligns contracted demand with production requirements, in the interests of balancing flexibility, certainty and cost.
    c) most efficiently procure genuinely renewable energy as outlined in its licence, whatever its source or procurement structure.
5. Investment in on-site solar and batteries be considered only as part of SDP's portfolio of potential efficient investments rather than explicitly prioritised.
6. SDP consider opportunities to lower energy costs and pursue additional income streams (i.e. demand response) if benefits are shared with end customers.

## Expenditure

The CAP final recommendations on the topic of Expenditure, as presented to the CEO of SDP following the conclusion of the final workshop, are as follows:

7. SDP's expenditure decisions align with customer values and preferences and have regard to the following:
    a) clean, safe drinking water is expected,
    b) expenditure must demonstrate material benefits and be undertaken no sooner than prudent,
    c) expenditure that efficiently improves flexibility and emergency response effectiveness is a priority,
    d) SDP decisions should minimise impact on the local environment and support emissions reduction,
    e) innovation should seek to improve the plant's efficiency and reduce costs to end customers over predictable timeframes.
8. Maintaining or somewhat increasing local community and environmental initiative expenditure is consistent with the expectations of the people of Sydney, particularly where more tangible impacts can be demonstrated.
9. The second drinking water tank be included in the pricing proposal only if SDP can clearly demonstrate its benefits exceed its costs. The CAP considers the tank should not proceed if expansion planning is the main or only material benefit.

 All slides and material are commercial-in-confidence. © Tingwall. All rights reserved.

## Other topics

The CAP final recommendations on Other topics, as presented to the CEO of SDP following the conclusion of the final workshop, are as follows:

10. That it is not essential for SDP to adopt IPART's three inter-related financial incentive schemes - EBSS, CESS and ODIs. The CAP regards efficient operation and delivery of required outcomes as fundamental, regardless of whether the schemes are adopted. If SDP elects to adopt the schemes, the customer share of the benefit/penalty must be passed on to end customers.
11. That SDP aligns with relevant Sydney Water *Performance Measures* and *Customer Outcomes* and develop and adopt its own *Performance Measures*. In the CAP's view:
    a) *Performance Measures* for the customer experience of *Fair and Affordable Bills* should:
        i. be anchored to aspects that are meaningfully under SDP's control,
        ii. encourage SDP to optimise operational efficiency, including the cost-efficient use of energy,
        iii. be aligned with but additional to existing licence, regulatory and community expectations to deliver capital projects efficiently.
    b) *Performance Measures* for *Environmental Protection* based on SDP's local and environmental initiatives should be quantitative. Reduction of carbon emissions beyond the renewable energy contractual arrangements is desirable and metrics should be developed.
    c) *Performance Measures* for the *Customer Outcomes* of *Water Quality* and *Reliability* should:
        i. Include more detailed reporting of compliance with Australian Drinking Water Guidelines (ie, frequency, duration and magnitude of any non-compliance) focussed on the impact and significance of non-compliance.
        ii. Measure SDP's contribution to the quality of water provided by Sydney Water to the people of Sydney as this is a meaningful reflection of its increasing role in supporting water quality.
        iii. Measure material fulfilment of Sydney Water production requests (annual production, fixed production day requests and emergency requests).
        iv. Measure SDP's readiness and ability to respond to planned and unplanned (emergency) requests.
12. Regarding expenditure on expansion of the plant in the upcoming regulatory period, that SDP either undertake:
    a) no additional expenditure on expansion specific works, or
    b) limited expenditure on prudent preparatory planning works only.

 All slides and material are commercial-in-confidence. © Tingwall. All rights reserved.

Tingwall

# 4.0 Incorporating recommendations

# 4.1 Finalising the engagement process

## Close the loop

SDP closed the loop with participants in a final webinar on 19 August 2026. SDP reported how participant recommendations had been reflected in the developing RP4 proposal (see Figure 10) and provided an opportunity for participants to ask questions.

In the webinar, the CAP was asked to assess whether SDP had fulfilled its commitment to *Collaborate* by incorporating the CAP's recommendations to the maximum extent possible, or explaining where this had not been possible. Following the session, the CAP Chair prepared a draft letter for the CAP's consideration and, following final CAP input, provided the letter to SDP as the CAP's attestation that SDP had fulfilled its engagement promise. This endorsement was submitted to IPART as Attachment 3 to SDP's RP4 proposal.

## Engagement evidence for IPART

SDP will finalise its RP4 regulatory proposal for submission to IPART in September 2026. Following lodgement, IPART is expected to publish SDP's regulatory proposal and commence its public consultation process. This typically includes an Issues Paper, an opportunity for written submissions, a public hearing, a Draft Report and a further opportunity for stakeholder feedback before IPART issues its Final Report and Determination.

This report will be included as an attachment to SDP's pricing proposal. IPART was in attendance throughout the engagement and was provided with all webinar and workshop slides and all Summaries of Proceedings.

## Ongoing accountability

SDP tested options for future engagement with the CAP during the final workshop and through the end-of-engagement survey (Appendix E). The discussion indicated that participants did not consider a separate, broader end-customer engagement program necessary for SDP, particularly given SDP's role as a bulk water supplier and Sydney Water's established customer engagement. This was not framed as a formal CAP recommendation, and no contrary view was recorded.

Ongoing accountability will primarily be maintained through continued engagement with Sydney Water, DCCEEW, and other relevant governing bodies. SDP will also consider whether a small ongoing CAP or similar advisory mechanism would add value in the next regulatory period.

**Alignment with IPART's framework:** SDP closed the loop with participants before lodging the proposal. It will provide this report and supporting proceedings to IPART, and confirm how accepted recommendations and performance commitments will be monitored during RP4.

 All slides and material are commercial-in-confidence. © Tingwall. All rights reserved.

Tingwall

# 4.2 Closing the loop

In finalising its RP4 proposal, SDP considered the final CAP recommendations alongside recommendations and feedback from Sydney Water. As shown in Figure 10, SDP incorporated all 12 CAP recommendations and all except one of the recommendations made by Sydney Water. During the session, SDP provided clear examples of how the CAP recommendations had been incorporated into the proposal.

| Recommendation | Customer Advisory Panel (CAP) | Sydney Water |
|---|---|---|
| Recommendation 1 | Incorporated | Incorporated |
| Recommendation 2 | Incorporated | Incorporated |
| Recommendation 3 | Incorporated | Incorporated |
| Recommendation 4 | Incorporated | Incorporated |
| Recommendation 5 | Incorporated | Incorporated |
| Recommendation 6 | Incorporated | Incorporated |
| Recommendation 7 | Incorporated | Incorporated |
| Recommendation 8 | Incorporated | Incorporated |
| Recommendation 9 | Incorporated | Incorporated |
| Recommendation 10 | Incorporated | Incorporated |
| Recommendation 11 | Incorporated | Incorporated |
| Recommendation 12 | Incorporated | Not incorporated |
| Minimum baseline production | | Incorporated |

*Figure 10 – Incorporation of CAP and Sydney Water's recommendations, Close the loop webinar*

 All slides and material are commercial-in-confidence. © Tingwall. All rights reserved.

Tingwall

Tingwall

# Appendices

# Appendix A: Satisfying IPART requirements

This appendix links relevant guidance in the IPART Water Regulation Handbook to the engagement evidence in this report and SDP's separate self-assessment against the 12 principles in the 3Cs Grading Rubric. It is designed to assist the reader in the task of assuring themselves of the compliance of the approach and outcome of the engagement.

How to read this table: Each row identifies the 3Cs principle and shows SDP's self-assessment. Evidence status shows the extent to which this engagement report justifies the self-assessment. The notes explain the link and identify where fuller evidence may sit elsewhere.

**Met –** Clearly evidenced in this report

**Partially met –** Evidence is incomplete or also sits in proposal material

**Not subject to engagement** – Primary evidence belongs in the proposal or 3Cs attachment

| Handbook guidance | 3Cs guiding principles | SDP self-assessment | Report coverage | Evidence status | Tingwall notes |
|---|---|---|---|---|---|
| 3Cs framework and active customer involvement (s1.1) | 1) Customer centric<br>2) Customer engagement | 1) Advanced<br>2) Advanced | s1.1; s1.3; s1.8; s2.4–2.5; s2.9; s3.1 | **Met** | Shows how Sydney Water's end-use customer engagement evidence and the CAP informed agenda priorities, outcomes, and final recommendations. Participants actively shaped topics and translated evidence into proposal guidance. |
| Roles and responsibilities (s1.2) | 2) Customer engagement | 2) Advanced | s1.3; s1.5–1.8; s2.2–2.3; Appendices B–C | **Met** | Documents each participant's role. Agreed ways of working and psychological-safety guidance supported free, collaborative participation; staged information and follow-up responses enabled informed contributions; the Terms of Reference addressed confidentiality. |
| Proposal quality, self-assessment and audience (s2.2, pp.9-14; s4.1, p.36) | 11) Delivering | 11) Advanced | s1.1; s1.8–1.9; s3.1; s4.0; Appendix A | **Met** | Provides a plain-English evidence trail from engagement inputs and limitations to final recommendations and planned close-the-loop reporting. It supports SDP's self-assessment, while full proposal quality, deliverability, assurance, and Board endorsement are evidenced outside this report. |
| Engagement strategy and customer influence (s3.1.1, pp.17-18) | 1) Customer centric<br>2) Customer engagement | 1) Advanced<br>2) Advanced | s1.1–1.3; s1.5.1; s1.7–1.9; s2.2–2.5; s2.10; Appendices C–D | **Met** | Shows a defined strategy, clear scope of influence, and use of broader end-use customer evidence. Consistent with the IAP2 Collaborate level, participants shaped priorities and the engagement format, challenged information and plans, requested further evidence, and prompted process changes. |

 All slides and material are commercial-in-confidence. © Tingwall. All rights reserved.

Tingwall

| Handbook guidance | 3Cs guiding principles | SDP self-assessment | Report coverage | Evidence status | Tingwall notes |
|---|---|---|---|---|---|
| Meaningful, inclusive and tailored engagement<br>(s3.1, pp.17-20) | 2) Customer engagement<br>4) Community | 2) Advanced<br>4) Standard | s1.3; s1.5–1.9; s2.2–2.10; Appendices C–D | **Met** | Supports the Advanced self-assessment through tailored methods, two-way communication, independent facilitation, accessible information, and adaptive changes. Sydney Water's broader research supplemented the advocate-based CAP, and participants tested customer, community, and environmental considerations with costs and bill impacts. Community grading also relies on proposal evidence about outcomes, costs and bill impacts. |
| Balance customer, community and environmental needs<br>(s3.1, pp.20-21) | 3) Customer Outcomes<br>4) Community<br>5) Environment | 3) Advanced<br>4) Standard<br>5) Standard | s2.4–2.9; s3.1 | **Met** | Links end-use customer values to service levels, Outcomes, Performance Measures, and expenditure recommendations. Participants considered affordability and community benefits alongside environmental obligations, renewable energy, emissions reduction, local initiatives, costs, and bill impacts. |
| Relevant, timely and appropriate topics<br>(s3.1, p.22) | 2) Customer engagement | 2) Advanced | s1.2–1.3; s1.9; s2.4–2.5; Appendix C | **Met** | The engagement began early and was staged to build understanding before decisions were made. Participants used customer evidence, preliminary price context, and clear boundaries of influence to influence the agenda, with webinars and follow-up information allowing time to reflect and identify gaps. |
| Transparent and accountable; representative, reliable and valid design<br>(s3.1, pp.23-25) | 2) Customer engagement<br>11) Delivering | 2) Advanced<br>11) Advanced | s1.2; s1.5.1; s1.7–1.9; s2.10; s4.0; Appendices C–D | **Partially met** | Supports transparency and accountability through clear boundaries, accessible materials, documented questions and responses, draft proceedings open to correction, recommendation traceability, and disclosure of representativeness and other limitations. Participant evaluation and the planned close-the-loop process provide further validation; full delivery assurance sits outside this report. |
| Long-term investment plans and efficient timing<br>(s3.2, pp.26-29) | 8) Balance of risk and long-term performance | 8) Standard | s1.2; s2.5–2.9; s3.1; Appendix C | **Met** | Shows participants considered investment timing, reliability, resilience, flexibility, bill impacts, uncertainty, and the risks of proceeding with or deferring expenditure. This included energy procurement, asset renewal, the second tank, and expansion planning. Assurance over SDP's complete investment plan, option analysis, asset risk, and efficient timing remains a matter for the proposal. |
| Long-term investment plans and efficient timing<br>(s3.2, pp.26-29) | 7) Robust costs | 7) Advanced | s1.2; s2.5–2.9; s3.1; Appendix C | **Partially met** | Shows participants considered forecast expenditure, baseline and step changes, prudency, timing, whole-of-life costs, alternative options, customer benefits, and bill impacts. Full cost forecasts, quantitative modelling, and efficiency assurance remain proposal evidence. |
| Proposal audience and customers at the centre<br>(s4.1-4.2, pp.36-38) | 1) Customer centric | 1) Advanced | s1.1; s1.3; s1.5.1; s2.4–2.10; s3.1; Appendix A | **Partially met** | Shows a clear line of sight from broader end-use customer evidence and participant influence to final recommendations. It explains representativeness, how divergent stakeholder perspectives were considered, and how customer values remained central across the engagement. |
| Historical performance, forecast expenditure and revenue requirement<br>(s4.3-4.4, pp.39-44) | 7) Robust costs | 7) Advanced | s2.5; s2.7–2.8; s3.1; Appendix C | **Partially met** | Records preliminary revenue and bill modelling, forecast operating and capital expenditure, expenditure trends, asset renewals, and investment timing considered through the engagement. This partially addresses the combined Handbook guidance; comprehensive historical performance, detailed forecasts, business cases, and expenditure assurance sit outside this report. |


All slides and material are commercial-in-confidence. © Tingwall. All rights reserved

| Handbook guidance | 3Cs guiding principles | SDP self-assessment | Report coverage | Evidence status | Tingwall notes |
|---|---|---|---|---|---|
| Historical performance, forecast expenditure and revenue requirement (s4.3-4.4, pp.39-44) | 9) Commitment to improve value | 9) Standard | s2.7–2.9; s3.1; Appendix C | **Partially met** | Shows participants considered energy efficiency, innovation, productivity, cost reduction, Performance Measures, and incentives. The CAP's recommendations reinforce efficient operation and customer benefit; historical performance against targets and measurable efficiency commitments require proposal evidence. |
| Incentive mechanisms and financial incentives (s4.5, p.44; Ch.6, pp.64-88) | 3) Customer Outcomes<br>11) Delivering | 3) Advanced<br>11) Advanced | s2.9; s3.1; Appendix C | **Partially met** | Shows participants considered whether SDP should adopt IPART's three inter-related financial incentive schemes as a package to support efficient service delivery and Customer Outcomes. Full scheme design, implementation capability, governance, and supporting systems and processes sit outside this report. |
| Managing risk, price setting and bill impacts (s4.6, p.45; s4.7.3, pp.47-48) | 8) Balance of risk and long-term performance | 8) Standard | s1.2; s2.5–2.9; s3.1 | **Partially met** | Shows participants considered preliminary prices and bill impacts alongside service, energy, expenditure, production, and expansion risks. Deliberation tested affordability, certainty, flexibility, deferral, and the allocation of cost risk; detailed risk allocation and revenue mechanisms are to be evidenced in the proposal. |
| Credibility, assurance and Board accountability (s4.8, pp.49-51; Appendix F, p.120) | 11) Delivering | 11) Advanced | s1.6; s1.8; s2.10; s3.1; s4.0; Appendix C | **Partially met** | Supports credibility through Board participation in the final workshop, an independent and documented recommendation process, traceability to final advice, and a planned close-the-loop response. Evidence that proposed expenditure and outcomes are deliverable, formally assured, and Board-approved sits outside this report. |
| Monitoring ongoing performance and continual improvement (Ch.7, pp.89-92; Appendix B, p.108) | 3) Customer Outcomes<br>12) Continual improvement | 3) Advanced<br>12) Advanced | s1.3; s1.8; s2.9–2.10; s3.1; s4.0; Appendix D | **Partially met** | For Customer Outcomes, the report shows participant input into outcomes, performance measures, targets, reporting, and accountability. For Continual improvement, it documents adaptive workshop design, CAP-only discussions, participant evaluation, and consideration of future engagement. The report includes some relevant historical and performance context, while comprehensive evidence of performance monitoring sits outside this report. |


All slides and material are commercial-in-confidence. © Tingwall. All rights reserved

# Appendix B: CAP Terms of Reference

SYDNEY DESALINATION PLANT

## Sydney Desalination Plant's Customer Advisory Panel

### Terms of Reference 2025-2026

**1. Background**

Sydney Desalination Plant (SDP) is an integral part of Sydney's long term water security as the city's only major rainfall independent source of drinking water. SDP's vision is to be a great water company that provides long-term value to the people of Sydney.

SDP's next regulatory proposal is due to be submitted to the Independent Pricing and Regulatory Tribunal (IPART) in September 2026 for prices that will apply from 2027 to 2032. As part of the process of developing the next regulatory proposal, SDP is establishing a Customer Advisory Panel (CAP) to provide independent advice from advocates representing the water users of Sydney.

**2. Purpose**

The CAP will provide independent feedback and advice to ensure SDP develops a customer centric regulatory proposal that reflects and balances the views and feedback of both Sydney Water and its end customers.

**3. Role**

The role of the CAP is to:

- Have material influence on the engagement agenda
- Have material influence on engagement, particularly to ensure SDP's engagement principles are evident in the design
- Provide insights and feedback to ensure the regulatory proposal accurately reflects customer preferences
- Strengthen the regulatory proposal by constructively challenging SDP to ensure transparency and rigour
- Validate the integration of relevant end-customer feedback from Sydney Water's engagement program into the proposal, and
- Provide assurance to the community, stakeholders, and IPART that SDP's engagement has been authentic, meaningful and influential.

**4. Membership**

The CAP will comprise an Independent Chair and up to eight (8) sophisticated customer advocates who will broadly represent Sydney's water users. The group will be independent members who bring a variety of skills and perspectives, representing different groups or elements of the community. Membership will comprise a diverse cohort that can provide feedback consistent with the purpose and role of the CAP.

**5. Duties and responsibilities of the CAP**



SYDNEY DESALINATION PLANT

Members will have the capacity to articulate community rather than personal priorities. Members have been invited based on their:

- Commitment to contribute constructively to the purpose and objectives of the CAP
- Capacity to work collaboratively and cooperatively with others
- Ability to contribute specialist knowledge and expertise by providing customer and community perspectives
- Willingness to explore concepts and ideas and consider a range of perspectives
- Ability to meet in-person or online, eight to ten (8-10) times (approximately once a month) from September 2025 to August 2026
- Ability to meet as required from September 2026 to July 2027 with the duration and frequency to be confirmed – see 5.1 Meetings and 5.2 Terms of appointment for additional information.

**5.1 Meetings**

CAP members will attend approximately one workshop per month for the 12 months leading up to the regulatory proposal being submitted in September 2026.

After the regulatory proposal is submitted by SDP in September 2026, SDP intends to engage with the CAP on key components of the review process as required.

**5.2 Term of appointment**

Members are appointed for a term of approximately two (2) years, commencing in August 2025 and concluding in July 2027 when IPART's Final Determination will be implemented.

At the end of the Term, a review of the CAP's role and scope will be undertaken, including feedback from CAP members.

**5.3 Vacancies**

If a member's position on the CAP becomes vacant at any time, SDP may appoint a replacement at its discretion. Positions will become vacant if a member:

- Resigns in writing to the CAP Independent Chair or SDP
- Misses three or more consecutive workshops and/or meetings without an apology or agreed leave of absence
- Behaves in a manner that SDP determines is not keeping with the values of the organisation
- Discloses confidential information
- Has a conflict of interest that cannot be resolved or managed to the satisfaction of SDP.
- Becomes a Director, supplier to, or employee of SDP.

SDP can terminate membership of the CAP at any time and for any reason without recourse. Notification of the termination of a member will be made in writing.

**5.4 Chairperson**

SDP will appoint an Independent Chair from the CAP membership. The Independent Chair will not be a current employee of SDP.





Tingwall

SYDNEY DESALINATION PLANT

In addition to the responsibilities of members, the Independent Chair will:

- Support SDP in ensuring that the CAP performs its functions and acts in accordance with these Terms of Reference
- Liaise with SDP in the development of the workshop and meeting agendas
- Facilitate the conduct of meetings to allow frank and open discussion
- Ensure individual members make an effective contribution.
- Sign meeting minutes that may include a summary of recommendations made from the CAP to SDP.

If the Independent Chair is absent from a meeting, a member of the CAP may be nominated to chair the meeting.

### 5.5 Quorum

A quorum shall consist of 50 per cent of CAP members, including the Independent Chair.

### 5.6 Conflict of interest

If any CAP member believes they may have a conflict of interest in relation to a particular topic or issue, whether perceived, pecuniary, or otherwise, that member must notify SDP prior to commencement of the engagement and/ or at the time that they become aware of the conflict of interest. This may preclude the member from joining in the engagement on the subject.

## 6. Operating procedures

### 6.1 Member responsibilities

In addition to the duties and responsibilities of the CAP as outlined in section 5, CAP members are asked to:

- Actively and respectfully participate in CAP discussions
- Act with integrity and due regard for the opinions, rights, and responsibilities of others
- Support the role of the Independent Chair to ensure that the CAP functions properly, that there is full participation during workshops and meetings and that all relevant matters are discussed
- Attend each workshop and meeting, where practical, and if unable to do so, let the Independent Chair know as soon as possible
- Declare any pecuniary or conflict of interest and disclosure of confidential information
- Adhere to relevant SDP policies including agreeing to enter a deed of confidentiality
- Advocate in a professional manner on behalf of customer and/or community
- Agree to their membership of the CAP being on a public website as per section 9 Disclosure.

### 6.2 SDP responsibilities

SDP agrees to:

- Incorporate CAP preferences for engagement



SYDNEY DESALINATION PLANT

- Be clear about the level of participation being offered to the CAP
- Ensure the CAP's advice and recommendations are considered by relevant SDP staff
- Provide the CAP members with feedback on how their advice and recommendations have been considered
- Provide appropriate support for effective administration of the CAP including administrative support, venues for workshops, and communications
- Provide the agenda, papers, and any other relevant documentation in advance of each CAP workshop and meeting
- Actively monitor communication channels and respond to questions or comments from CAP members out of session
- Seek and respond to CAP advice on how the operation of the CAP could be improved
- Provide appropriate induction for new CAP members.

## 7. Authority

The CAP is an advisory group and does not have any formal decision-making role or any responsibility for the management of SDP.

## 8. Privacy

The personal information of all CAP members and applicants will be managed in accordance with SDP's privacy standards. The names of the CAP members will be published on SDP's website upon their appointment.

## 9. Disclosure

The following information will be published on SDPs public website:

- Names, short bio and image of the CAP members
- The CAP Terms of Reference
- Agendas of each workshop and meeting.

## 10. Review

On an annual basis, SDP will review the efficacy of the CAP and its Terms of Reference.

The Terms of Reference can be updated annually by the CAP for approval by SDP.

## 11. Funding and resourcing

The CAP will be resourced by SDP, which will include administrative support, meeting venue, and out-of-session communications. SDP will also provide any other reasonable support to maximise the contribution of CAP members.

If CAP membership is outside the core remit of members' jobs in their organisations, then SDP can consider a small fee for each workshop attended. Members may also be reimbursed for out-of-pocket expenses as agreed in advance with SDP.



 All slides and material are commercial-in-confidence. © Tingwall. All rights reserved

# Appendix C: Detailed proceedings

This appendix presents a detailed account of the scope, content, agenda, and outputs from each session, beginning with the agenda confirmation workshop and concluding with the refinement of recommendations workshop. It is designed to present a clear chronological picture of the process of engagement, supplementary to the refined accounts of workshop content and outputs in sections 2.0 and 3.0.

## Workshop: Confirming the engagement agenda

3 December 2025

**Workshop activities**

Participants completed the activity across two breakout-room rotations. The process of activities can be seen in Figure 11.

Rotation 1: Each group reviewed half of the proposed Topic Areas (Figure 12) and assessed each question based on:

- how feedback could shape RP4,
- its potential impact on customer bills, and
- participant interest.

See worksheet in Figure 13.

Rotation 2: Groups swapped rooms and worksheets, reviewed the previous group's rationale and recorded any agreed changes. See worksheet in Figure 14 for the completed worksheet.

**Session outputs and next steps**

The activity produced a reviewed and prioritised set of questions to inform the engagement agenda.

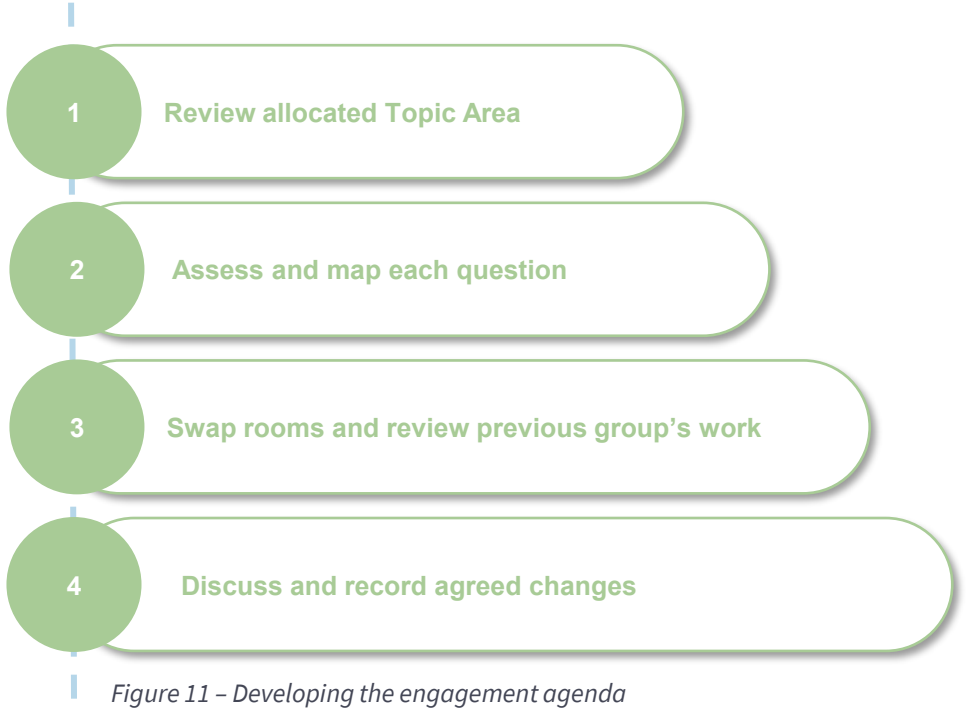



*Figure 11 – Developing the engagement agenda*

 All slides and material are commercial-in-confidence. © Tingwall. All rights reserved.

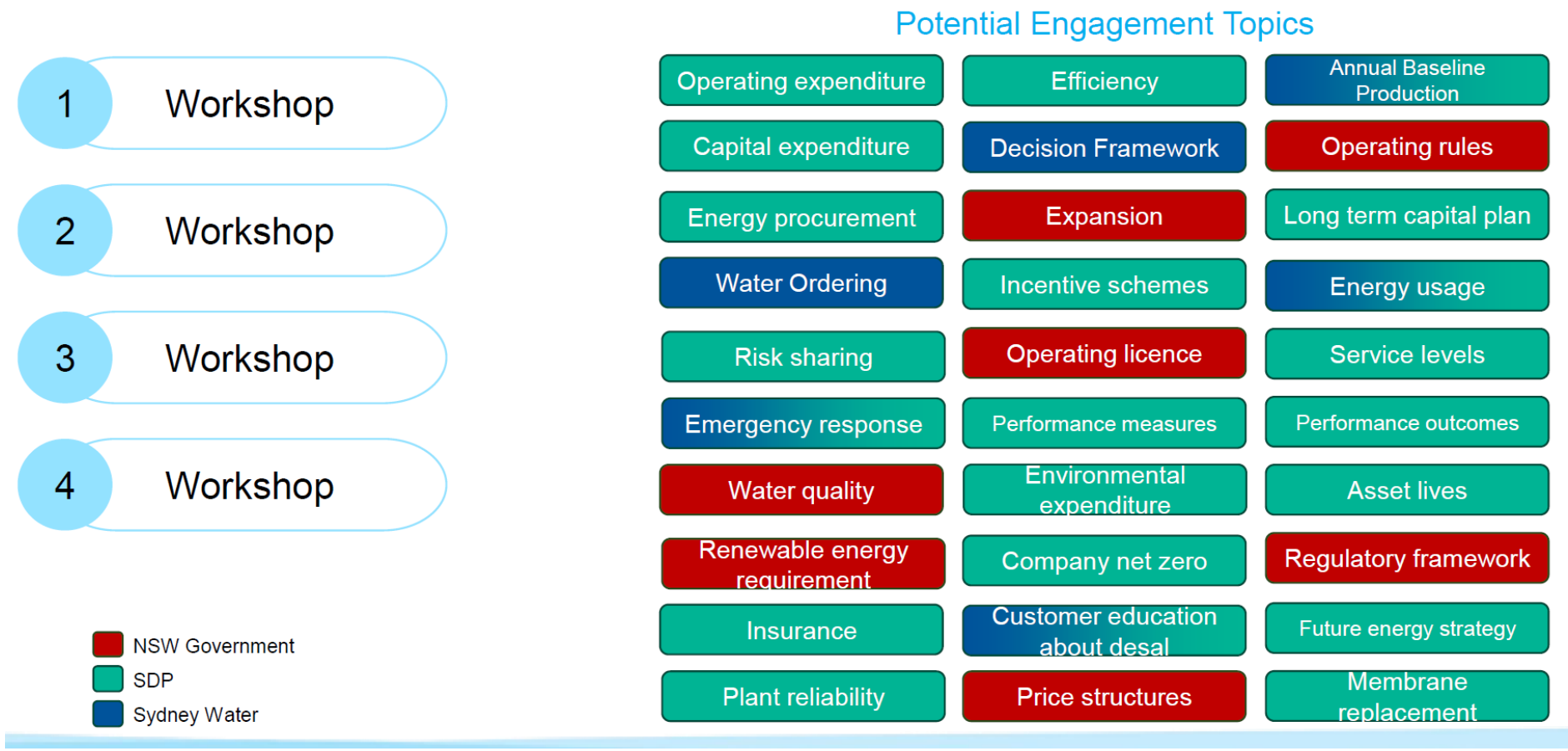



*Figure 12 - Potential engagement topics*


All slides and material are commercial-in-confidence. © Tingwall. All rights reserved

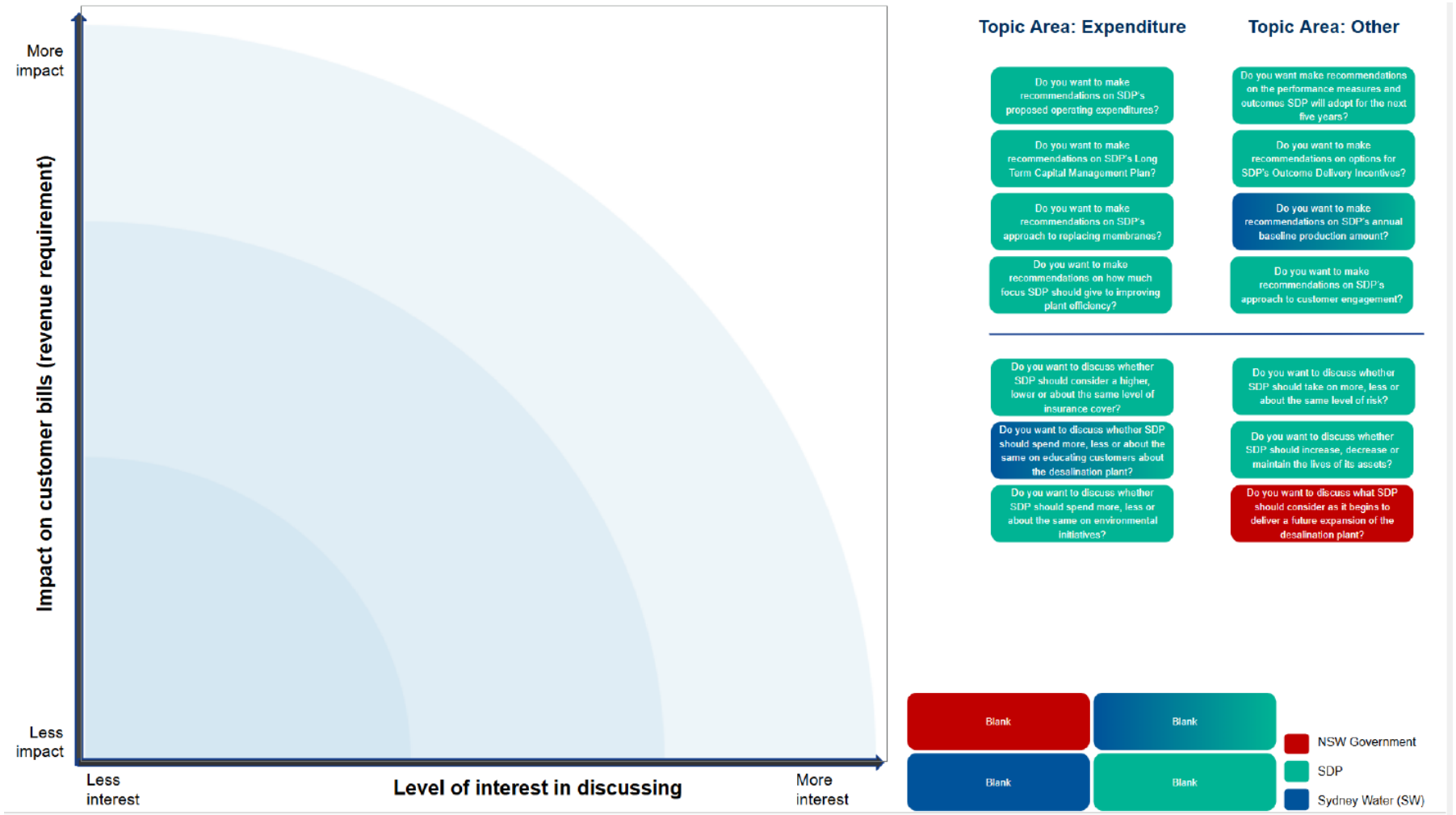



*Figure 13 - Agenda setting matrix*


All slides and material are commercial-in-confidence. © Tingwall. All rights reserved

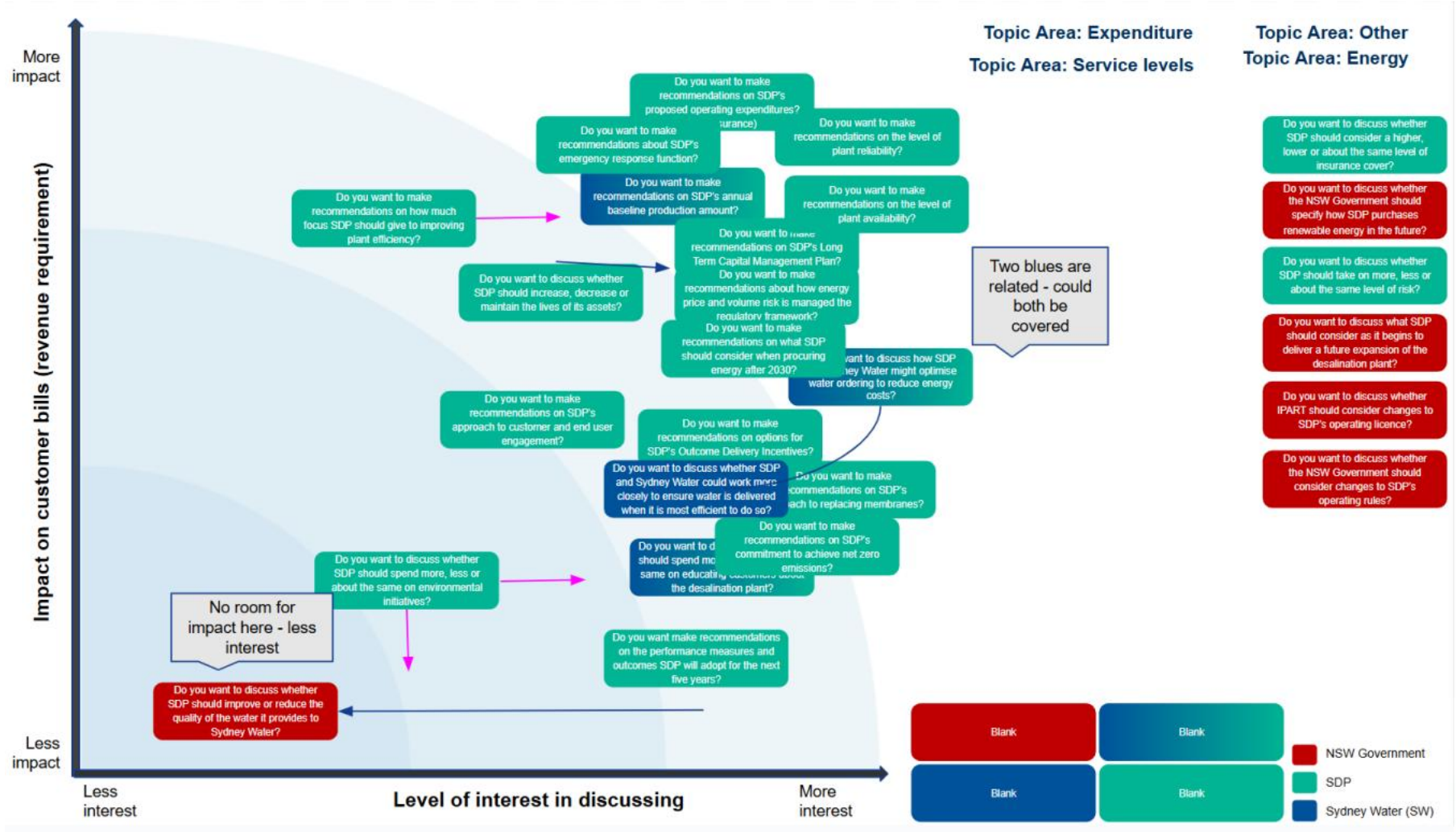



*Figure 14 - Agenda setting matrix complete*

 All slides and material are commercial-in-confidence. © Tingwall. All rights reserved.

Tingwall

# Webinar: Service levels

28 January 2026

**Service levels - webinar overview**

Tingwall opened the webinar by positioning service levels as the first topic for discussion and deliberation. They reminded participants that the engagement agenda reflected the topics they had identified as areas where they wanted to influence SDP's regulatory proposal.

SDP presented on the topic, framing the service levels discussion around the values identified through Sydney Water's customer engagement. SDP reiterated its engagement promise to collaborate, meaning it would incorporate feedback to the maximum extent possible and provide reasons where it could not do so.

SDP then explained how service levels were defined, including through SDP's operating licence requirements, Sydney Water's Decision Framework, Annual Production Requests, other production requests and SDP's emergency response role.

SDP described how the plant's reliability and availability influence the services it provides, including its ability to meet annual production requirements, respond to planned and unplanned production requests, and support Sydney's water supply network during emergencies.

SDP also explained that service levels are maintained or improved through operational decisions and investment in assets, membranes, redundancy, risk management and plant efficiency. Participants heard that higher levels of reliability and availability can provide value to Sydney Water and end-users but may increase customer costs. SDP asked participants to consider whether it should maintain, reduce or improve service levels, and how any change should balance customer value, water security, reliability, flexibility and affordability.

 All slides and material are commercial-in-confidence. © Tingwall. All rights reserved.

# Workshop: Service levels

11 February 2026

**Workshop description**

The services that SDP provides are outlined in its Operating Rules and Licence. SDP must produce a volume of drinking water that meets Sydney Water's Annual Production Request (APR) within a +/-10% band.

SDP plays an important role supporting Sydney's water security by responding to and mitigating drought through its flexible full-time operations. In addition, SDP is available to respond to emergencies in the broader water supply network.

The 'service levels' that SDP provides are reflected in how 'reliable' the plant is to meet the APR both within and outside of drought, and how 'available' the plant is to respond to emergencies when not operating at full production. SDP's operating and capital expenditure plans and how the plant is operated on a day-to-day basis are managed to achieve these 'service levels'.

We know that end-use customers value water security, reliability and resilience and affordability and fair pricing. Increasing reliability and availability of the plant has an impact on customer bills.

In this workshop SDP sought to better understand the value that Sydney Water, end-use customers and stakeholders place on the services it provides. SDP asked workshop participants to make recommendations to achieve the right balance between the level of plant reliability and availability and the impact on customer bills.

**Workshop agenda**

**Level of plant reliability**

**Level of plant availability**

**SDP's emergency response function**

**Workshop activities**

Participants first shared reflections on the webinar and noted what stood out for them. This helped identify what information had landed clearly and where further clarification was needed.

SDP then gave a presentation on the pricing impacts of reducing, maintaining or increasing service levels. All participants then worked in breakout rooms to discuss the challenge question. Tingwall support facilitators recorded the discussion on digital worksheets. They then had a large group discussion, where they recapped the breakout room discussions, identified common themes and discussed areas where further information was needed. Draft recommendations were carried forward for later review and refinement.

The order of procedure for each activity within the workshop can be seen in Figure 15.

**Session outputs and next steps**

Participants provided feedback, and discussed possible service levels recommendations, rather than drafting recommendations.

They broadly supported SDP's existing service levels and emergency response function. However, they asked for clearer evidence before supporting any increase in service levels or related expenditure. In particular, they wanted to understand what different service level changes would involve, how reliability, availability and emergency response are measured, and how the benefits would be assessed against costs.

Participants emphasised that even small individual bill impacts can add up for customers. They encouraged SDP and Sydney Water to take a system-wide view of value, including the broader network benefits and potential cost savings from reliability, availability and emergency response.

Following the workshop, Ruth Lavery (CAP Chair) prepared draft placeholder recommendations to guide further discussion. The draft recommendations were included in a Summary of Proceedings and circulated to participants for feedback. The draft recommendations reflected the depth of discussion to date and were to be refined in later workshops.

SDP committed to providing further information about the trade-off between service levels and costs, and to liaising with Sydney Water where responses required system-wide input.

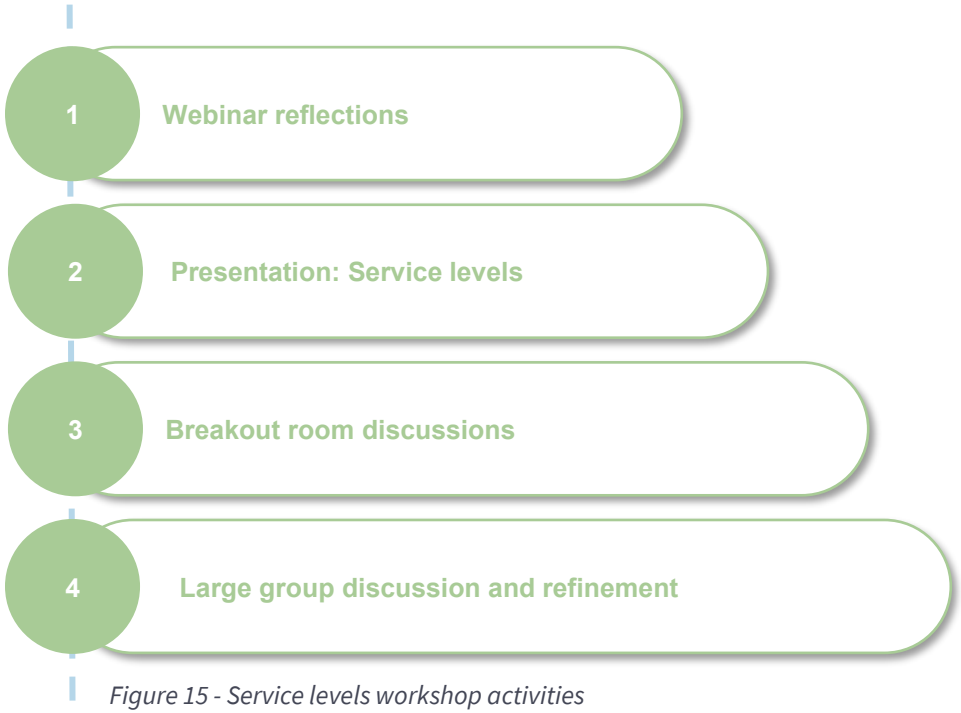



*Figure 15 - Service levels workshop activities*

 All slides and material are commercial-in-confidence. © Tingwall. All rights reserved.

# Webinar: Energy

25 February 2026

## Energy - webinar overview

The webinar focused on SDP's energy arrangements and the choices it will need to consider as part of its next regulatory proposal. The session covered the energy regulatory framework, the relationship between energy costs and water orders, and SDP's options for procuring energy after its current contract expires.

SDP explained that desalination is energy-intensive. While SDP's energy costs are relatively small in the context of a typical Sydney Water household bill, they remain important because Sydney Water's customers ultimately bear these costs. The presentation outlined SDP's current energy arrangements, including the requirement to use 100% renewable power, which is currently supplied through a long-term agreement linked to Capital Wind Farm.

SDP explained the benefits of the current contract and how the sale of surplus energy had a broadly neutral effect on customer costs overall, although individual five-year periods had produced gains or losses. SDP also explained how energy costs are reflected in prices, and how the plant may make gains or losses depending on its energy efficiency and whether actual energy prices are above or below IPART's assumptions.

SDP then shared future procurement options. SDP's current energy contracts expire part-way through RP4, creating a timing challenge. SDP outlined the risks and benefits of the available options, including their potential effects on credibility and price, which had been identified as important considerations for the people of Sydney.

The webinar also explained the regulatory environment affecting SDP's energy decisions. SDP requires enough flexibility to respond to Sydney Water's production requests, including during drought or emergency conditions. However, SDP may not know in advance how much water it will need to produce, creating uncertainty about energy volumes. There is also uncertainty about whether IPART's benchmark approach will align with the energy products realistically available in the market after 2030.

SDP asked participants to consider how SDP should balance cost and certainty, how much energy should be locked in, whether SDP should pursue on-site solar or battery investments, whether it should participate in demand response, and whether customers value a direct link to a specific renewable energy project.

# Workshop: Energy

11 March 2026

**Workshop description**

Producing desalinated drinking water is an energy intensive process. SDP is a large energy user that can use up to 340 GWh of energy per annum at maximum production.

Currently, SDP procures energy under a long-term contract that expires in 2030 and is actively exploring options to efficiently procure energy under a new arrangement after this date. The design of the energy market and the renewable certification framework is changing. Within this context, there are several potential pathways that SDP could pursue to achieve 100% renewable power supply into the future.

IPART sets an energy allowance for SDP. There are mechanisms for SDP and customers to share gains or losses driven by changes in market prices and the efficient volume of energy required during the regulatory period. This framework may need to change to support efficient procurement of renewable energy after 2030.

SDP is currently working through future efficient renewable energy supply pathways. In this workshop we sought feedback on SDP's future energy procurement strategy and how energy price and volume risk is managed, including through the regulatory framework. We discussed and sought recommendations about how we could better reflect customer values and priorities in SDP's approach to renewable energy procurement.

**Workshop agenda**

**Energy regulatory framework**

**Optimising water ordering to reduce energy costs**

**SDP procuring energy after 2030**

**Workshop activities**

Participants first discussed on-site renewables, including whether SDP should invest in on-site solar panels and small-scale batteries. This tested whether participants saw customer value in modest on-site renewable investment.

SDP then presented options for energy procurement after 2030. Participants worked in breakout rooms to discuss when SDP should lock in energy prices and how much energy it should lock in. Tingwall support facilitators recorded the discussions on digital worksheets before participants returned to a large group discussion to share key themes.

The final discussion focused on how important it is for customers to know where SDP's renewable energy comes from. Draft recommendations were carried forward for later review and refinement.

The order of procedure for each activity within the workshop can be seen in Figure 16.

**Session outputs and next steps**

Participants provided feedback and discussed possible energy recommendations, rather than finalising recommendations in the session. They emphasised that affordability and demonstrable customer value should remain the key considerations in SDP's energy procurement decisions. Participants supported securing a base level of energy demand while preserving flexibility above that level and saw value in a staged contracting approach to balance price certainty, affordability and flexibility.

Participants indicated limited support for on-site renewables unless they could meet SDP's tests for efficient and prudent expenditure. They also agreed that SDP's energy should come from legitimate renewable sources, but that knowing the exact source of renewable energy was less important than entering into an efficient procurement arrangement.

Following the workshop, Ruth Lavery (CAP Chair) prepared draft placeholder recommendations to guide further discussion. These were included in the Summary of Proceedings and circulated to participants for feedback. The recommendations were to be reviewed and refined through later workshops, particularly as participants considered related topics across the broader engagement program.

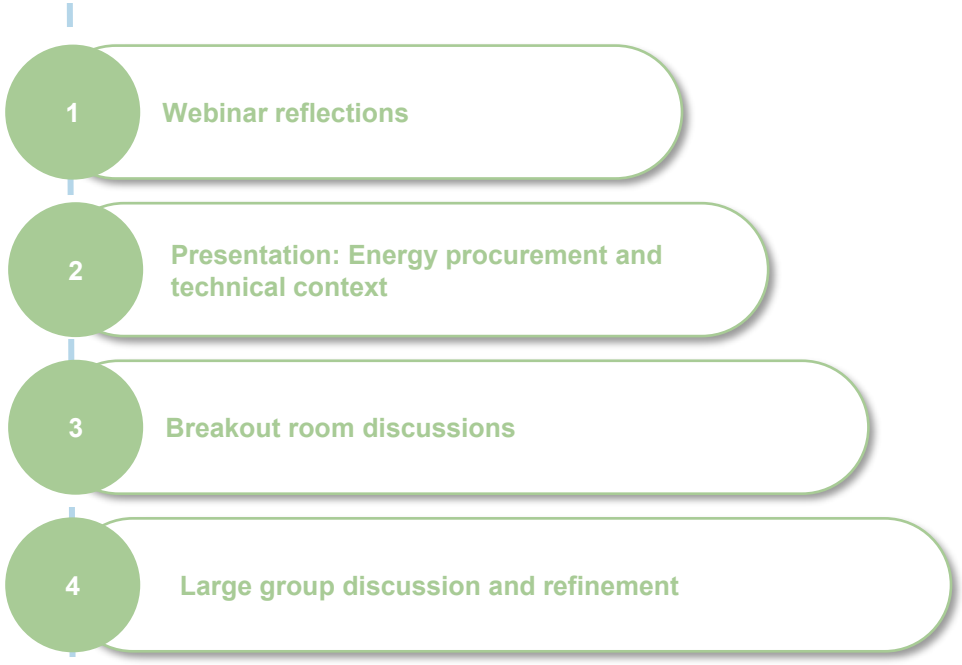



*Figure 16 - Energy workshop activities*

 All slides and material are commercial-in-confidence. © Tingwall. All rights reserved.

# Webinar: Expenditure

1 April 2026

**Expenditure - webinar overview**

Tingwall opened the webinar by positioning expenditure as the next topic for discussion and deliberation. Participants were reminded that the session focused on SDP's next regulatory proposal, with SDP presenting expenditure information.

SDP then explained the expenditure topic, including the Long-Term Capital Management Plan, or LTCMP, which sets out proposed capital expenditure over the next 10 years. This included the strategy to prudently and efficiently manage replacement of the reverse osmosis membranes, ongoing maintenance, refurbishment and operating costs, and large projects such as a proposed second drinking water tank.

SDP also explained that it is developing operating expenditure forecasts for the next five years, supported by a Cost Efficiency Strategy focused on finding more efficient ways of running the plant day-to-day. SDP linked expenditure to the regulatory proposal by explaining how costs feed into prices through the building block model.

SDP presented preliminary RP4 revenue, capex and opex forecasts, noting forecast capex of $159 million over RP4 and fixed forecast opex of $263 million over five years. It explained that Operating Expenditure includes fixed and variable costs, while Capital Expenditure includes acquiring, upgrading or maintaining physical assets, routine maintenance, inspections, refurbishment, replacement of assets and larger projects or programs of work.

SDP explained its base-step-trend forecasting methodology for operating expenditure and outlined how it works with Veolia to prepare capital expenditure forecasts, including the major factors that go into preparing opex and capex forecasts.

SDP then outlined the Cost Efficiency Strategy, including the process of development and the four key areas of focus; asset management, plant operations, corporate functions and capex & long-term planning.

SDP closed by presenting key RP4 projects, including reverse osmosis membrane replacement, replacement of Dual Work Exchanger Energy Recovery devices, and the proposed second drinking water tank. Participants heard that these projects raise questions about reliability, redundancy, flexibility, operating and capital cost trade-offs, energy efficiency, emergency response, and whether the benefits to Sydney Water and end-users justify the costs.

The webinar also confirmed that the upcoming workshop would consider SDP's local community and environmental initiatives, and its commitment to achieve net-zero emissions, reflecting the CAP's interest in sustainability and decarbonisation.

# Workshop: Expenditure

29 April 2026

**Workshop description**

SDP is developing a Long-Term Capital Management Plan (LTCMP). This plan will outline the proposed capital expenditure SDP requires over the
next 10-years. Our plan will include:

- A strategy to prudently and efficiently manage the replacement of the reverse osmosis membranes.
- An estimate of the cost of ongoing maintenance, refurbishment and operating costs to keep the plant running.
- Costs for large projects including a proposed second drinking water tank

SDP is also developing a forecast of the operating costs required to run the plant over the next 5-years. This forecast will be underpinned by a Cost Efficiency Strategy outlining how SDP will seek to find more efficient ways of running the plant on a day-to-day basis.

The CAP expressed a desire to discuss sustainability and decarbonisation initiatives, which impact SDP's expenditure plans and forecasts.

In the workshop we will seek feedback on key elements of our operating and capital expenditure plans. We will ask participants to review the extent to which our plans, and the services they deliver, match customer values and priorities. This may lead to recommendations which relate to key projects and our proposed operating expenditures.

**Workshop agenda**

**SDP's Long Term Capital Management Plan**

**SDP's approach to membrane replacement**

**SDP's spend on environmental facilities**

**SDP's proposed operating expenditures**

**SDP's commitment to achieve net-zero emissions**

**Workshop activities**

After recapping SDP's four expenditure challenge questions and key customer values, the workshop first focused in on challenge question one. SDP provided a short presentation on SDP's environmental and local community programs and clarified its ambition to achieve a net-zero greenhouse gas emissions footprint by 2050 (covering Scope 1 and Scope 2 emissions). SDP invited questions from the CAP, and after questions were addressed, the CAP discussed in a breakout room separate to Sydney Water and DCCEEW and returned with a summary of their discussions.

Participants then moved on to challenge questions two and three, with a recap from SDP of its expenditure forecasts and the second drinking water tank proposal. The CAP was then provided time to discuss the presentation while other participants took a break. After the break, Sydney Water was invited to share its views on the drinking water tank project, before a Q&A session followed by a summary of the CAP's feedback and emerging recommendation elements.

For challenge question four, SDP recapped its cost efficiency strategy and innovation investment. Participants were given an opportunity to ask questions and discuss as a group before noting their recommendations on the topic. Final reflections were invited before the workshop was wrapped up.

The order of procedure for each individual activity within the workshop can be seen in Figure 17.

**Session outputs and next steps**

CAP members provided feedback and discussion, noting that they believed that current expenditure levels on local community and environmental initiatives were aligned with expectations of the people of Sydney. They outlined the factors that should most heavily influence expenditure decisions in order to maintain alignment with the values of the people of Sydney, including the provision of clean and safe water, the prioritisation of affordability, and investment into reliability, security and sustainability. After this the CAP gave feedback on the proposed second drinking water tank project, noting many potential benefits and a few concerns, and made recommendations on the role of innovation in the development of the proposal.

The CAP output was then consolidated into draft placeholder recommendations by Ruth Lavery (CAP Chair). The draft recommendations were included in a Summary of Proceedings and circulated to participants for feedback. The draft recommendations reflected the depth of discussion to date and were to be refined in later workshops.

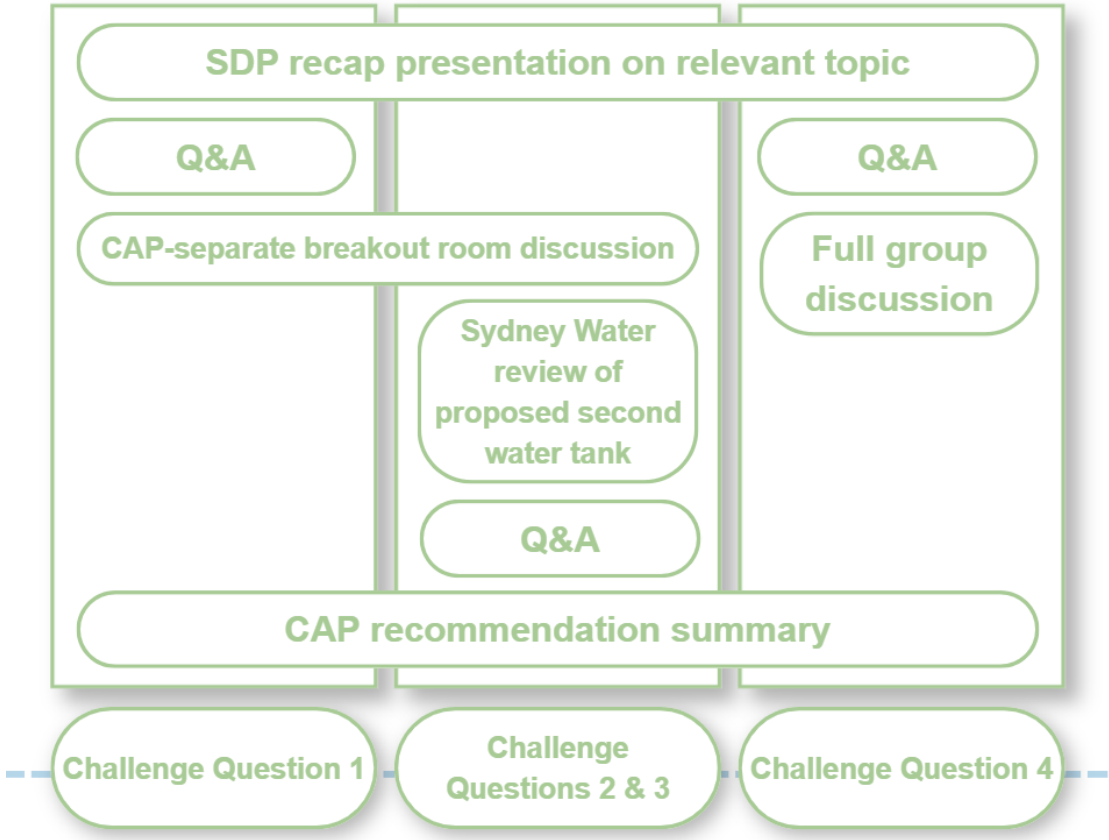



*Figure 17 – Expenditure workshop activities*

 All slides and material are commercial-in-confidence. © Tingwall. All rights reserved.

Tingwall

# Webinar: Other topics

13 May 2026

**Other topics – webinar overview**

Tingwall opened the webinar by positioning the session as preparation for the final workshop topic, "Other topics", and reminded participants that these issues could influence customer bills and shape SDP's next regulatory proposal. SDP explained that the workshop would focus on developing recommendations on annual baseline production, *Customer Outcomes* and *Performance Measures*, incentive schemes, and expansion planning expenditure, while also providing an opportunity to address any remaining matters arising from previous workshops.

SDP began by outlining its customer engagement problem statement and the three relevant challenge questions, asking for recommendations on *Customer Outcomes* and *Performance Measures*, whether *financial incentive schemes* aligned with customer values, and whether customers would expect SDP to undertake expenditure to reduce the risk and delivery time of a future plant expansion.

SDP then explained the concept of the Annual Baseline Production (ABP). Participants heard about the purpose of ABP, the problems it aims to address, and the factors that influence its calculation. An updated analysis was presented supporting a reduction in ABP, explaining how it balanced affordability, security and cost efficiency.

SDP then introduced *Customer Outcomes* and *Performance Measures*, explaining IPART's requirement that *Customer Outcomes* be directly linked to customer preferences and written from the customer's perspective. Participants were shown Sydney Water's customer priorities and proposed *Customer Outcomes* before being asked for feedback. SDP also explained that each *Customer Outcome* should include measurable performance targets.

SDP also introduced IPART's *financial incentive* framework, explaining the roles of the Efficiency Benefit Sharing Scheme (EBSS), Capital Expenditure Sharing Scheme (CESS) and Outcome Delivery Incentive (ODI). SDP described the purpose and design principles of ODIs, emphasising that any proposed ODI should deliver value, influence SDP's behaviour beyond existing contractual and statutory requirements, and be measurable and linked to expenditure. Participants were presented with a draft emergency response ODI concept based on response times to emergency production requests as an example for discussion.

Finally, SDP discussed future expansion planning, explaining the role of the NSW Government's Greater Sydney Water Strategy, the existing expansion planning process, and opportunities to undertake early planning or design work that could reduce future delivery risks, costs and timeframes. Participants heard the potential customer bill impacts, benefits and trade-offs associated with different levels of early expansion expenditure and were asked to consider whether investment before a formal expansion decision would represent value for customers.

# Workshop: Other topics

27 May 2026

**Workshop description**

There are a range of other matters where feedback can impact customer bills and can shape SDP's next regulatory proposal.

SDP is committed to having a set of outcomes and outputs for the next 5-years, which are aligned with those of Sydney Water, demonstrate growing value for money, and are easy to understand. There are a number of ways of expressing these commitments, and SDP wants to seek the group's assistance in choosing which measures will best communicate whether customers are getting what they are paying for.

In this workshop we will also seek recommendations on these other topics. Some of the topics that have been raised thus far are:

- Options for an Outcome Delivery Incentive Scheme and
- Our analysis of the efficient annual baseline production amount for the next 5-years

SDP will leave space on this agenda to address any other matters or feedback that arises from workshops 4-6.

**Workshop agenda**

**SDP's Performance Measures and Outcomes for the next 5-years**

**SDP's Outcome Delivery Incentives**

**SDP's annual baseline production amount**

**SDP's expansion planning expenditure**

**Workshop activities**

Tingwall opened the workshop with a reminder of the purpose of the engagement, SDP's customer engagement problem statement and the specific topics and challenge questions for this workshop. SDP followed this with a recap presentation on Annual Baseline Production (ABP), before inviting questions.

The workshop then moved on to the first activity, focusing on the first of the challenge questions. It began with a short debate between two SDP speakers on the obligations of SDP to Sydney Water's *Customer Outcomes*, followed by participants asking questions of the speakers and reporting which of the two arguments was more compelling. SDP then introduced the concept of *Performance Measures* and took questions, before the CAP split off from other participants and separate discussions took place.

When the group reconvened for activity two, SDP presented on the second challenge question with a recap of IPART's *financial incentive schemes*, and the CAP asked questions about the schemes' relevance to end-use customer values. Participants then moved into breakout room discussions, with the CAP deliberately separating from other attendees once again. Once the breakout rooms concluded, a group discussion took place, and the CAP reiterated their views on the relevance of the schemes.

In the final activity regarding the third challenge question, SDP explained the role of expansion planning and the different investment levels that could be made. The group asked questions, returned to their breakout rooms for discussion, and then finished with a group discussion and a summary of suggestions before the workshop was wrapped up and closed out.

The order of procedure for each individual activity within the workshop can be seen in Figure 18.

**Session outputs and next steps**

CAP members provided feedback and discussion, which broadly reflected a scepticism on the benefits of the IPART *financial incentive schemes*, a list of recommendations regarding proposed *Performance Measures* across three key areas of SDP's obligations to customers, and support of either no increase in additional expenditure on expansion works, or limited expenditure constrained only to preparatory planning work.

The CAP output was then consolidated into draft placeholder recommendations by Ruth Lavery (CAP Chair). The draft recommendations were included in a Summary of Proceedings and circulated to participants for feedback. The draft recommendations reflected the depth of discussion to date and were to be refined in later workshops.

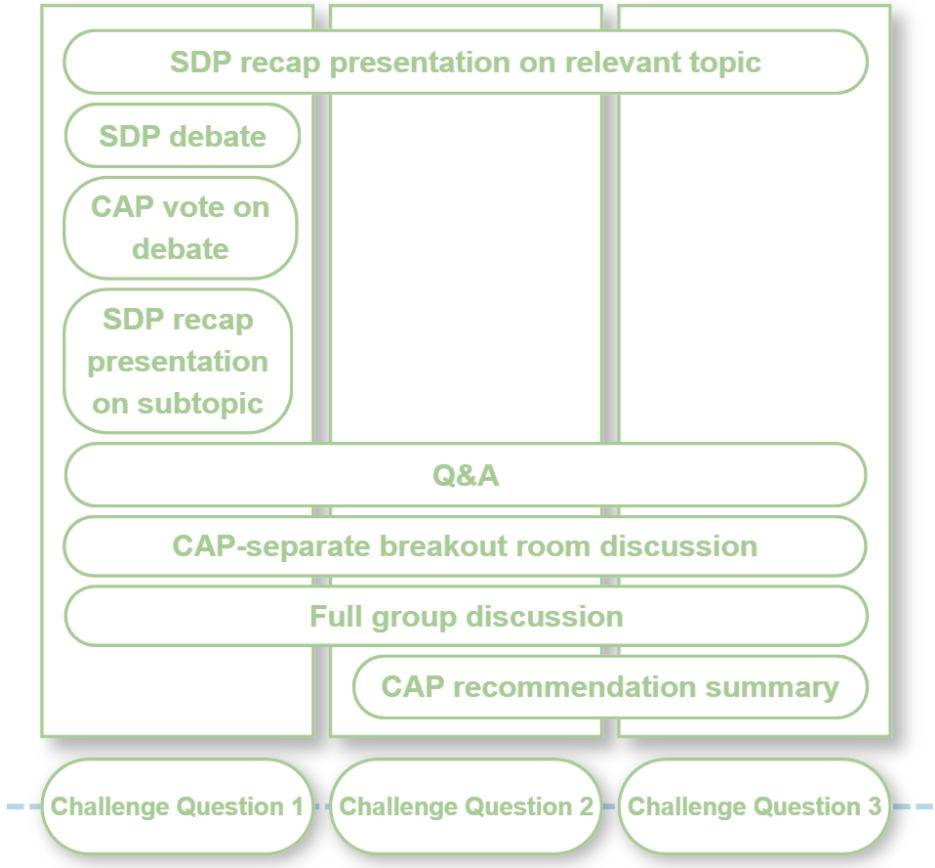



*Figure 18 - Order of procedure of activities*

 All slides and material are commercial-in-confidence. © Tingwall. All rights reserved.

Tingwall

# Workshop: Refinement of recommendations

24 June 2026

**Workshop description**

The Customer Advisory Panel (CAP) has developed draft recommendations for SDP to consider in developing its next customer-centric regulatory proposal. SDP has committed to adopting the recommendations to the fullest extent possible, providing reasons where it has been unable to do so.

SDP has feedback on the draft CAP recommendations, including what can be adopted forthwith, where further refinement would help, and where there may be constraints or trade-offs to consider.
In the workshop, participants will hear from SDP, get context from Sydney Water, and have a chance to refine the recommendations if they desire. This will include a chance to explicitly link the recommendations to the values of Sydney's water users.

The CAP, Sydney Water and DCCEEW will also hear from each other and understand where recommendations and feedback align, where they differ, and the reasons for any differences. This will help SDP understand any nuance between stakeholder perspectives, including what those differences may mean for its regulatory proposal.

**Workshop activities**

Participants began by reflecting on the feedback webinar. SDP then summarised the draft recommendations and its feedback on how they could be strengthened. SDP presented the potential bill and service-level impacts of each recommendation (see tables on pp. 68–71).

Sydney Water and DCCEEW provided further context, and the CAP asked questions and discussed the feedback. Participants then considered future engagement and provided feedback directly to the SDP Board, before the CAP met separately to refine its recommendations.

**Session outputs and next steps**

The final workshop brought all participant groups together to exchange feedback, finalise the CAP's recommendations, and close the engagement process. The CAP provided feedback to SDP and the SDP Board on the engagement process, helping to shape future engagement. The CAP also received feedback from SDP, Sydney Water, and DCCEEW on its draft recommendations.

After the workshop closed, CAP members remained to refine their recommendations. They considered the information provided throughout the engagement process and the feedback received during the final workshop.

The CAP synthesised this information as a group and documented its final recommendations in a single report for SDP to consider when preparing its pricing proposal.

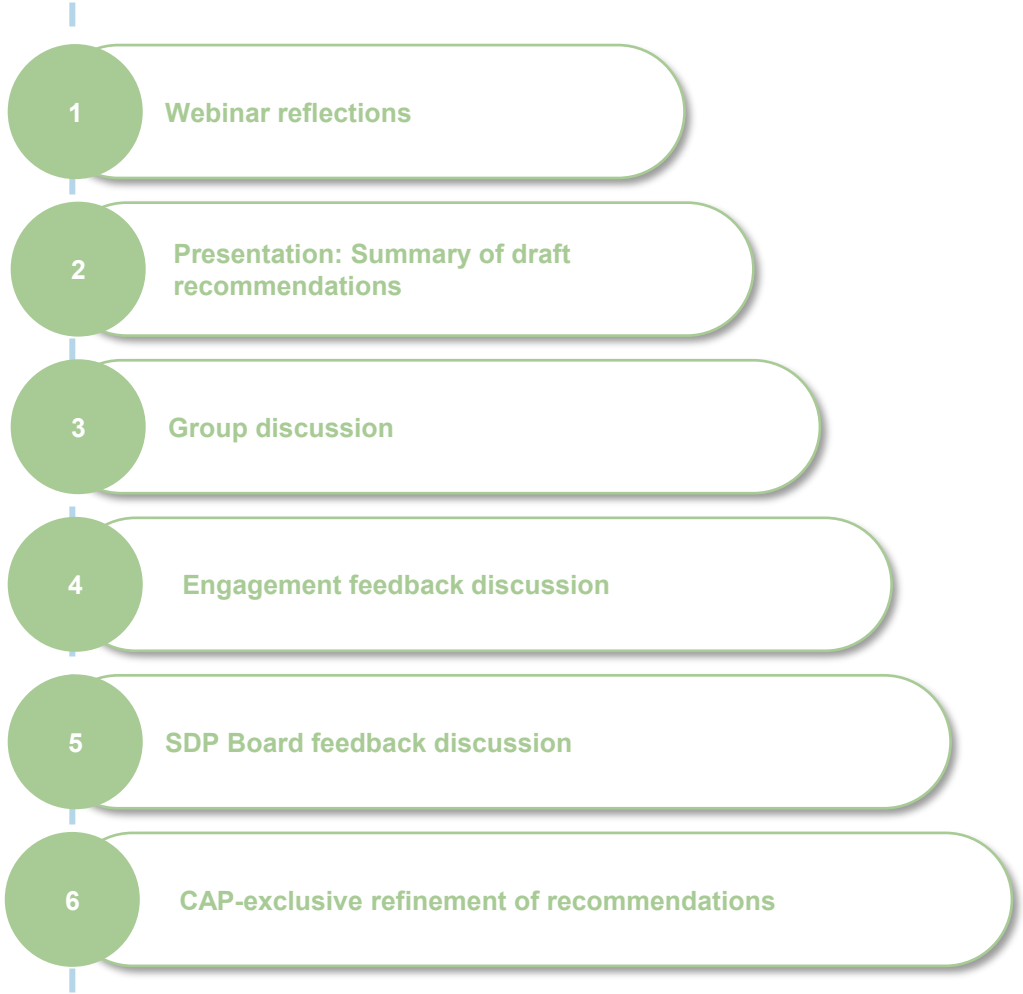



*Figure 19 - Refinement of recommendations workshop process*

 All slides and material are commercial-in-confidence. © Tingwall. All rights reserved.

Tingwall

| | Recommendation | Impact on customer bills and service levels |
|---|---|---|
| Service Levels | Recommendation 1 | This recommendation as drafted will have no impact on customer bills or SDP's services. Workshop participants expressed a preference for SDP to continue providing its services as efficiently as possible consistent with the values and preferences of Sydney Water and end customers and the requirements in our operating licence. |
| | Recommendation 2 | SDP is still considering opportunities to defer and delay projects from the regulatory proposal. We have identified some projects that can be deferred and we are still assessing if there are more projects that can be delayed until the next regulatory period. Every 10% saving in total capex reduces SDP's forecast revenue by approximately $7m or ~50c per household per year. SDP is targeting to defer at least 10% of its proposed capex, but will only do so if it is prudent and does not materially impact our ability to comply with our Network Operator's Licence. |
| | Recommendation 3 | SDP is still assessing some projects that may impact service levels to ensure they are required and that their benefits outweigh their costs. SDP is committed to only including projects in the proposal that are required. This recommendation will have a small impact lowering customer bills. |

 All slides and material are commercial-in-confidence. © Tingwall. All rights reserved.

Tingwall

| | Recommendation | Impact on customer bills and service levels |
|---|---|---|
| Energy | Recommendation 4 | SDP is committed to putting forward a prudent and efficient approach to future energy procurement in our regulatory proposal. As we presented in the Energy Webinar in March:<br>• The lowest cost option, based on current information, is to enter a new energy procurement approach close to 2030 (the premium for locking in early could be up to $10 per household per year).<br>• If we buy energy in line with what has been requested by Sydney Water with financial options to manage load/production variability the expected costs would be cheaper than procuring 100% of our load and selling any excess.<br>• Buying renewable energy from one generator or project would be more expensive than purchasing renewable energy from a retailer. |
| | Recommendation 5 | Based on this feedback, SDP is not considering proposing on-site solar and batteries expenditure as part of this pricing proposal. The business case suggests the benefit to customers is marginal. SDP will, however, re-assess this position in 2030 when entering new energy contracts. The business case to install on-site solar and batteries may be more compelling as a package as part of our future energy procurement. This recommendation will have the effect of *very* marginally lowering the cost to customer (there is an offsetting effect between the energy saving and cost of solar panels and batteries). |
| | Recommendation 6 | SDP is considering opportunities to lower energy costs and will commit to finding energy savings as part of our Cost Efficiency Strategy. SDP is also considering proposing a change to the regulatory framework for any other revenue earnt during the regulatory period. This change would further incentivise SDP to pursue other revenue like demand response revenue if there is a benefit to customers. |

 All slides and material are commercial-in-confidence. © Tingwall. All rights reserved.

Tingwall

| | Recommendation | Impact on customer bills and service levels |
|---|---|---|
| Expenditure | Recommendation 7 | SDP welcomes this feedback on what we should consider and prioritise when making expenditure decisions. As outlined in the Expenditure Webinar and Workshop, SDP already considers these factors to some degree amongst others when making investment decisions. |
| | Recommendation 8 | SDP is investigating prudent opportunities to marginally increase annual expenditure on local community and environmental initiatives. Based on other feedback from the CAP we are also considering how we report and make this information publicly available and developing mechanisms to ensure we are accountable for outcomes. The impact on customer bills is approximately 0.05c per annum. |
| | Recommendation 9 | SDP is finalising the business case for the second drinking water tank. At this stage it appears that the business case would support building the tank early. If the second drinking water tank is included in the regulatory proposal it will increase customer bills by approximately 30-50c per annum. Alternatively, it would save customers approximately the same amount if the project is deferred. |

 All slides and material are commercial-in-confidence. © Tingwall. All rights reserved.

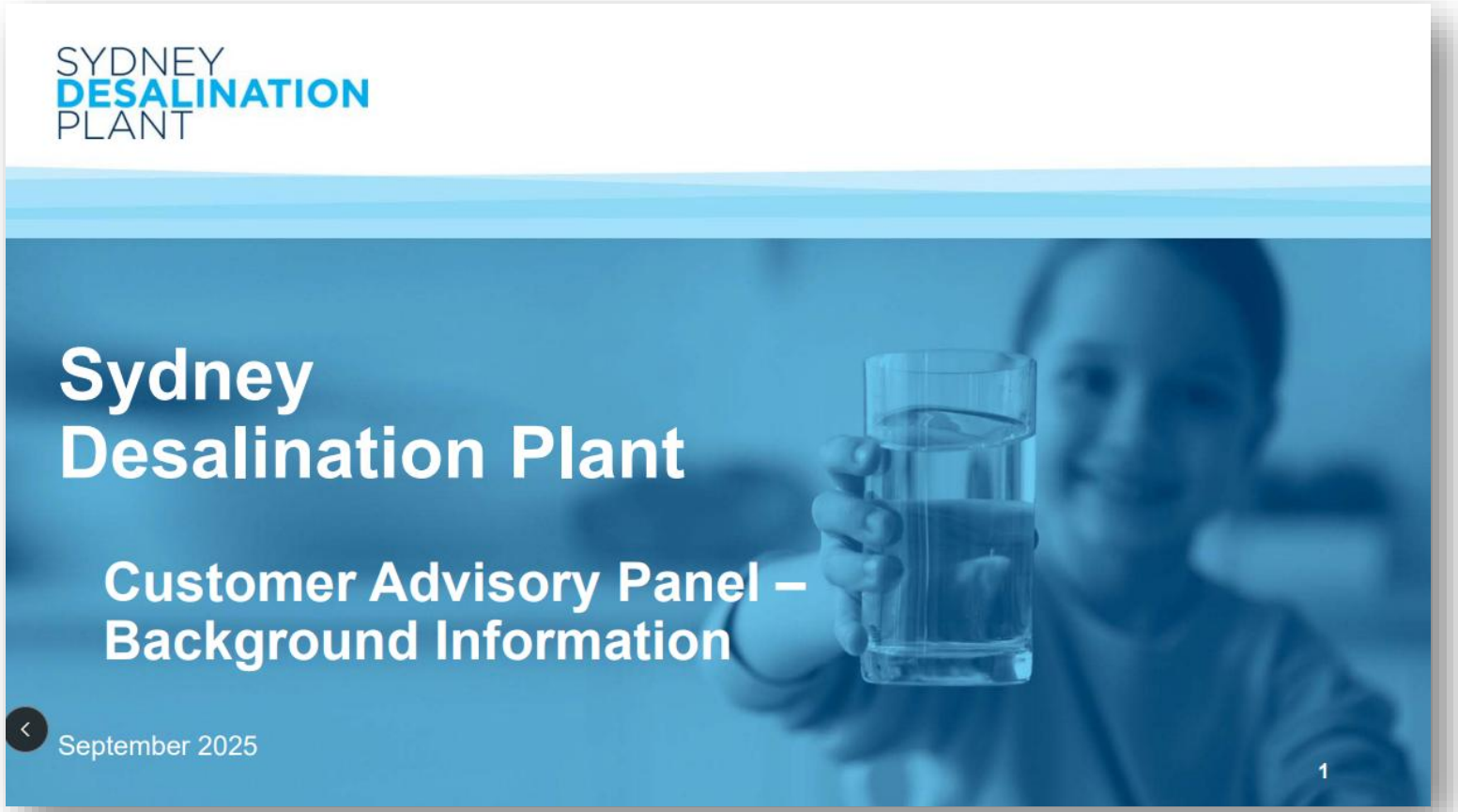
Tingwall

| | Recommendation | Impact on customer bills and service levels |
|---|---|---|
| Other topics | Recommendation 10 | SDP is still considering if we should propose to adopt IPART's three inter-related incentives. We consider the ODI as co-designed with Sydney Water is in the interests of customers. There is supporting evidence that similar centive schemes (CESS and EBSS) applied to energy networks have delivered value for customers. If SDP does propose to adopt the schemes, we will clearly outline that the CAP suggested the customer share of the benefit/penalty is passed on to end customers. |
| | Recommendation 11 | SDP welcomes the CAP's feedback that SDP should adopt Sydney Water's Customer Outcomes. SDP also welcomes the CAP's feedback on draft options for performance measures. This recommendation has no up-front impact on customers bills. SDP is looking at proposing performance measures using existing data so there is no additional cost impact on customers. |
| | Recommendation 12 | If SDP incorporated the recommendation for no additional work, there would be no impact on customer bills in RP4, but could result in higher risk or time pressure when expansion is formally triggered. If SDP incorporated the alternative recommendation for some limited preparatory planning it may identify opportunities to reduce the time it would take to deliver the future expansion or the risks involved in delivery (e.g. interface risks), but could not guarantee delivery these outcomes. It would have very little impact on customer bills. If SDP adopted option 3 (30% design) it would cost $20-25m or $9 per household over the RP4 period. If SDP adopted option 4 (detailed design) it would cost $170-190m or $76 per household over the RP4 period. |

 All slides and material are commercial-in-confidence. © Tingwall. All rights reserved.

Tingwall

# Appendix D: Supporting materials




## Content

1. About Sydney Desalination Plant
2. SDP's long-term role
3. Role of the Customer Advisory Panel
4. SDP's customer and stakeholder engagement strategy
5. SDP's regulatory framework
6. Regulated costs and prices
7. Key issues for our next regulatory proposal
8. Glossary

 All slides and material are commercial-in-confidence. © Tingwall. All rights reserved.

Tingwall

Glossary of terms

| Term | Definition |
|---|---|
| 3Cs Framework | IPART's regulatory framework is called the 3Cs Framework and it focuses on Customers, Costs and Credibility. |
| Annual Production Request (APR) | A request made by Sydney Water by 1 May each year for the supply of water from the SDP over the following financial year. |
| Building block | IPART's standard methodology to establish a notional revenue requirement. |
| Capital expenditure (CAPEX) | Money spent by a business or organisation to acquire or maintain fixed assets, such as land, buildings, and equipment. In SDP's case this includes relevant expenditure on the Plant and Pipeline and associated assets, and includes Periodic Maintenance, Specific Capital Projects and RO Membrane Replacements. |
| Customer | SDP has one direct customer, Sydney Water. |
| Decision Framework (Sydney Water) | The 'Decision Framework' document prepared by Sydney Water and endorsed by the Minister that sets out the framework for when Sydney Water will request water from SDP so as to align with the 2022 Greater Sydney Water Strategy. |
| End-user | Residential and business water customers in Greater Sydney supplied by Sydney Water. |
| Energy Adjustment Mechanism (EAM) | The energy adjustment mechanism is to provide for the carryover and pass-through to SDP's customers of gains or losses, outside a core band, associated with the sale of surplus energy and RECs. |
| Emergency Response (Period) | This refers to a period when the Plant is in Operational Mode and SDP agrees to a request from Sydney Water to produce a specified volume of water at short notice in accordance with SDP's Network Operator's Licence, The Decision Framework and WSA. SDP must use best endeavours to comply with this request. |

 All slides and material are commercial-in-confidence. © Tingwall. All rights reserved.

| Term | Definition |
|---|---|
| Emergency Response Notice | This refers to a notice issued by Sydney Water and agreed to by SDP to produce a specified volume of water in a specified timeframe in accordance with SDP's Network Operator's Licence, the Decision Framework and WSA. The volume of water that is produced in accordance with an Emergency Response Notice is not included in the Annual Production Request cap. |
| Greater Sydney Water Strategy | The NSW Department of Climate Change, Energy, the Environment and Water's strategy to deliver sustainable and resilient water services to Greater Sydney for the next 20 to 40 years. The Greater Sydney Water Strategy, released in August 2022, replaces the Metropolitan Water Plan. |
| Greenhouse Gas Reduction Plan | A strategic plan for the management, minimisation and off-set of greenhouse gas generation associated with electricity supply for the Plant required under s75J of the EP&A Act 1979 (NSW). |
| IPART | The Independent Pricing and Regulatory Tribunal. IPART is the NSW independent economic regulatory and licence regulator for the NSW water sector. |
| Minimum Production (period) | This refers to a period when the Plant is in Operational Mode and is requested by Sydney Water to minimise annual production, subject to remining ready to respond to production requests in accordance with SDP's Network Operator's Licence the Decision Framework and WSA. This is equivalent to an APR of 23 GL per year, reflecting the expected minimum baseload volumes. |
| Network Operator's Licence | Refers to SDP's current licence to supply drinking water to Sydney Water. The licence is issued and administered by IPART. |

 All slides and material are commercial-in-confidence. © Tingwall. All rights reserved.

| Term | Definition |
|---|---|
| Operating & Maintenance (O&M) Costs | Expenditure incurred in facilitating the functioning of the Plant line with good industry practice, as required under SDP's Network Operator's Licence. |
| Operating Expenditure | Ongoing costs for running a product, business, or system. Expenditure required by SDP for the Plant's functioning in accordance with SDP's Network Operator's Licence, the Decision Framework and WSA. |
| Operating Rules | The operating regime reflected in SDP's Network Operator's Licence as amended in 2022 to align with the 2022 Greater Sydney Water Strategy and operationalised in the Decision Framework, Terms of Reference and WSA. |
| Operational Mode | This refers to the mode in which the Plant produces or is requested by Sydney Water to produce water (irrespective of the amount) in response to a production request from Sydney Water in accordance with SDP's Network Operator's Licence, the Decision Framework and WSA. |
| Periodic maintenance | Periodic Maintenance means works (including marine equipment works) exceeding a threshold value involving the upgrade, replacement or addition of spare parts or the overhaul or renewal of specific items of plant and equipment, but not the replacement of assets or addition of new assets into service. Expenditure on Periodic Maintenance is capital expenditure. |
| Pipeline | The pipeline system runs from the suburb of Kurnell to City Tunnel at Bridge Street, Erskineville. |
| Plant | The Sydney Desalination Plant located at Kurnell, including the Drinking Water Pump Station. |

 All slides and material are commercial-in-confidence. © Tingwall. All rights reserved.

| Term | Definition |
|---|---|
| Plant Expansion | The potential future expansion of the Plant to facilitate capacity for an additional 250ML per day of production |
| Production Request | A request made by Sydney Water to SDP to produce water in accordance with SDP's Network Operator's Licence, the Decision Framework and WSA. |
| Regulatory Asset Base | An accumulation of the value of asset investments that a service provider has made in its network. |
| Return on assets | The financial return SDP receives for the investment in the plant and pipeline. |
| Revenue Requirement | The amount of revenue that SDP can recover from the provision of regulated water supply and water security services (equal to the sum of the building block components). |
| Reverse Osmosis | A water purification process that uses a partially permeable membrane to remove salt and other minerals from seawater to produce drinking water. |
| RO Membrane Replacement | Capital expenditure on new reverse osmosis membranes to replace used membranes in the reverse osmosis system. It includes removal of used membranes and installation of new membranes. |
| Sydney Water (Corporation) | SDP's direct customer and counter-party under the WSA. Sydney Water is the water retailer in Greater Sydney. |
| Water Supply Agreement (WSA) | The agreement between SDP and Sydney Water that facilitates the purchase of water by Sydney Water from SDP. |
| Weighted-Average Cost of Capital | Weighted average of debt and equity costs required for a benchmark efficient business to invest in necessary infrastructure. |

 All slides and material are commercial-in-confidence. © Tingwall. All rights reserved.

# Discuss and agree to the engagement style

| Proposal |
| --- |
| Wednesday on the second/third week of the month |
| Mixture of eight workshops and six webinars (approximately one workshop and webinar each month) |
| Format is mostly online via Zoom (workshop one and eight in-person) |
| Workshops will be between two-hours to four-hours; webinars will be approximately an hour and will be recorded |
| Workshops with CAP, Sydney Water and DCCEEW |
| The process is designed to allow CAP and SW to negotiate on aspects of the engagement agenda and topic area recommendations |
| Sydney Water and SDP to meet separately, as required |
| CAP to meet separately, as required and with SDP as required |


All slides and material are commercial-in-confidence. © Tingwall. All rights reserved

# What is psychological safety?

- Psychological safety is a shared belief among group members that it is safe to take interpersonal risks
- It includes:

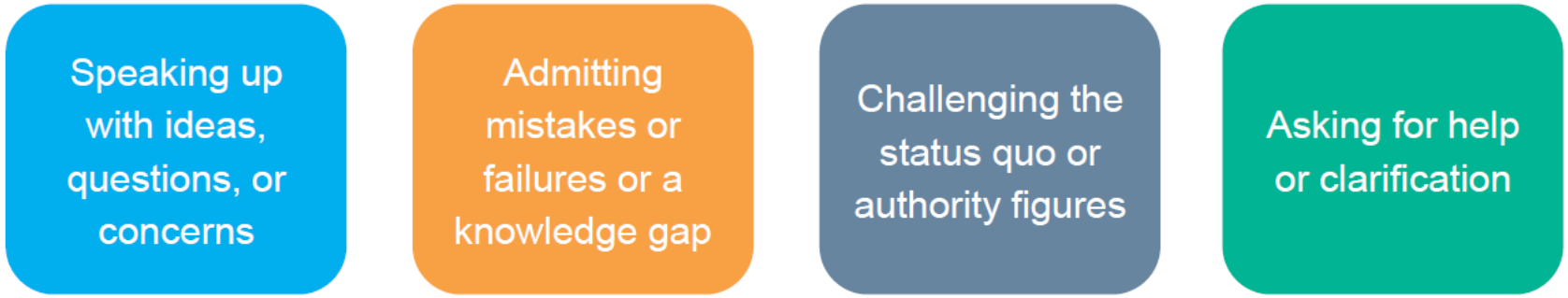



*Figure 20 – Description of psychological safety*


All slides and material are commercial-in-confidence. © Tingwall. All rights reserved

# Why does it matter?

- Psychological safety is the most critical factor in high-performing teams
- It results in:

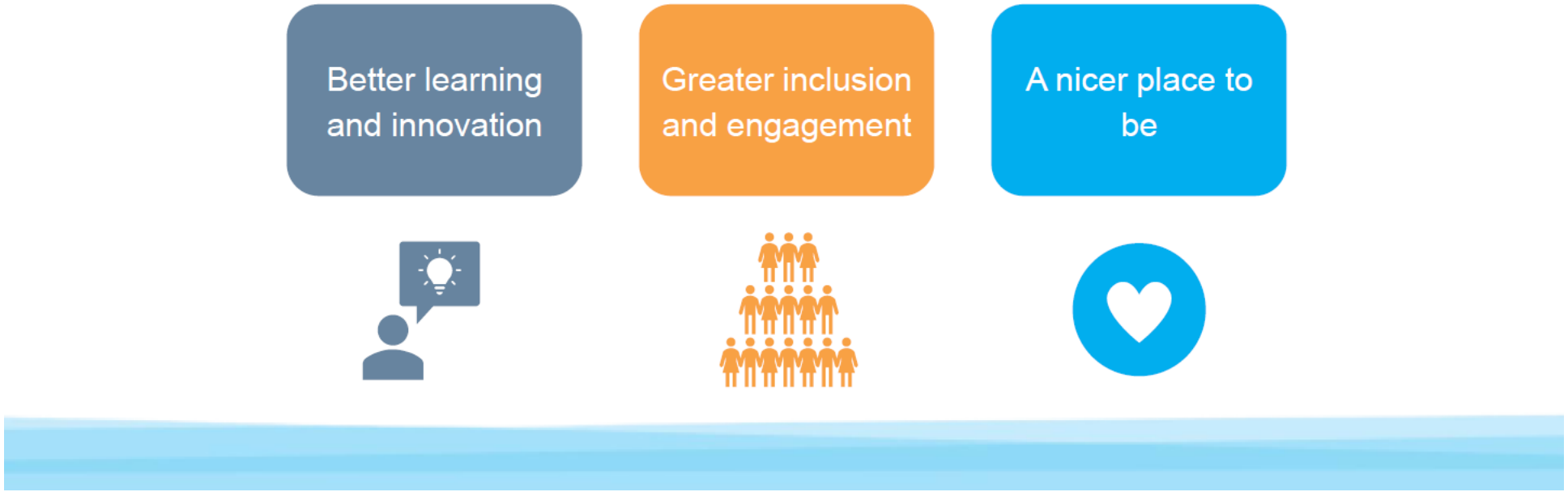



*Figure 21 – explanation of importance of psychological safety*


All slides and material are commercial-in-confidence. © Tingwall. All rights reserved

# How do we foster psychological safety?

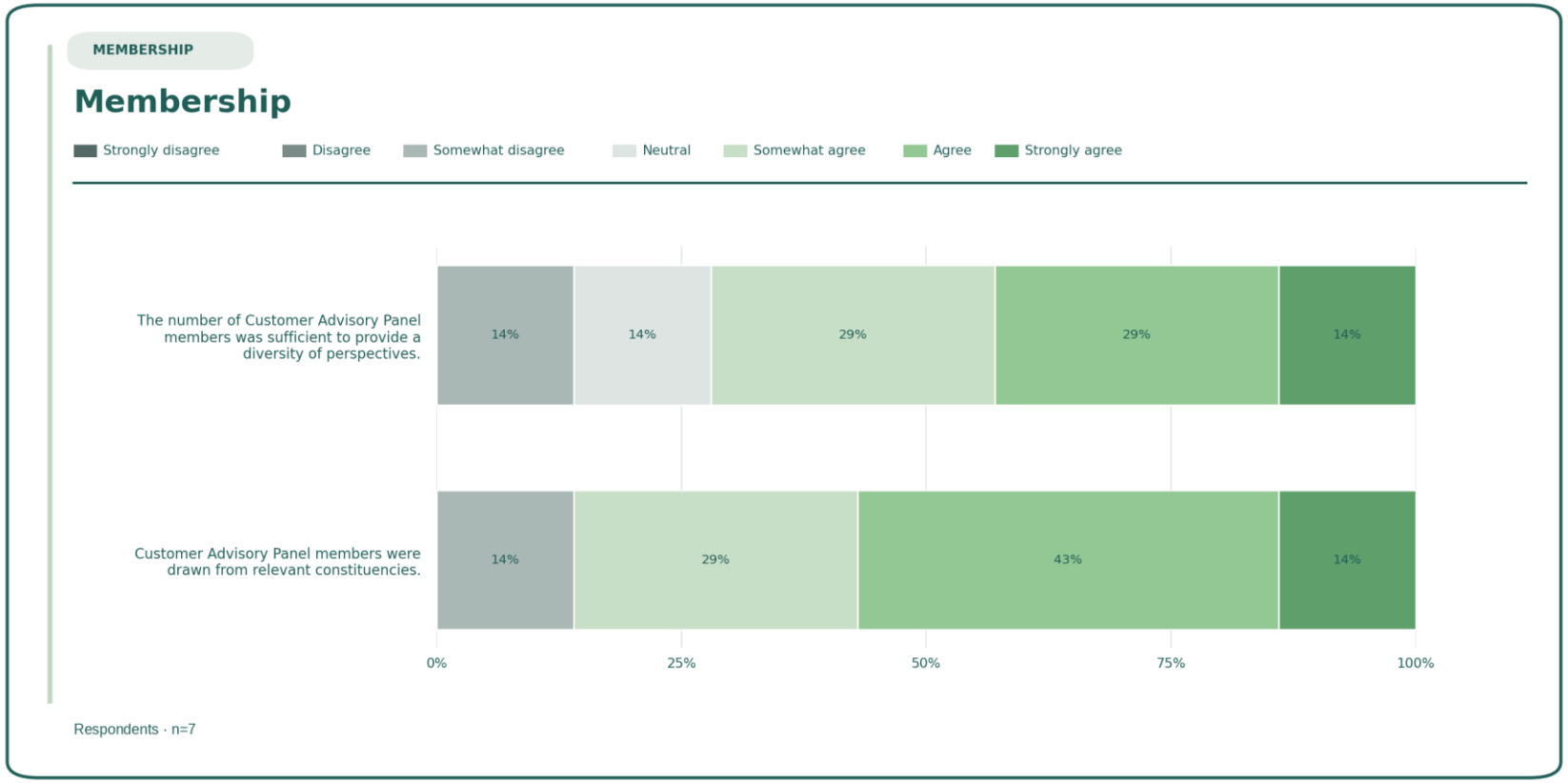
- Respond with curiosity, not criticism
- Listen and respond with confirmation
- Think about how others are feeling
- Consider whether everyone has had a chance to contribute
- Be supportive when someone admits they don't know
- Speak up for others, especially if you think a good idea wasn't heard

*Figure 22 – Psychological safety guide*


All slides and material are commercial-in-confidence. © Tingwall. All rights reserved

# Appendix E: Feedback and continuous improvement

Following the engagement, participants were invited to provide feedback on the engagement. Seven participants, including five CAP members, one Sydney Water participant, and one DCCEEW participant, completed an anonymous survey using a 7-point Likert scale and free-text comments. The survey sought feedback on the content, format, and delivery of the engagement process. The charts should be read with consideration of the small sample size. SDP and Tingwall will consider this feedback in future engagements.

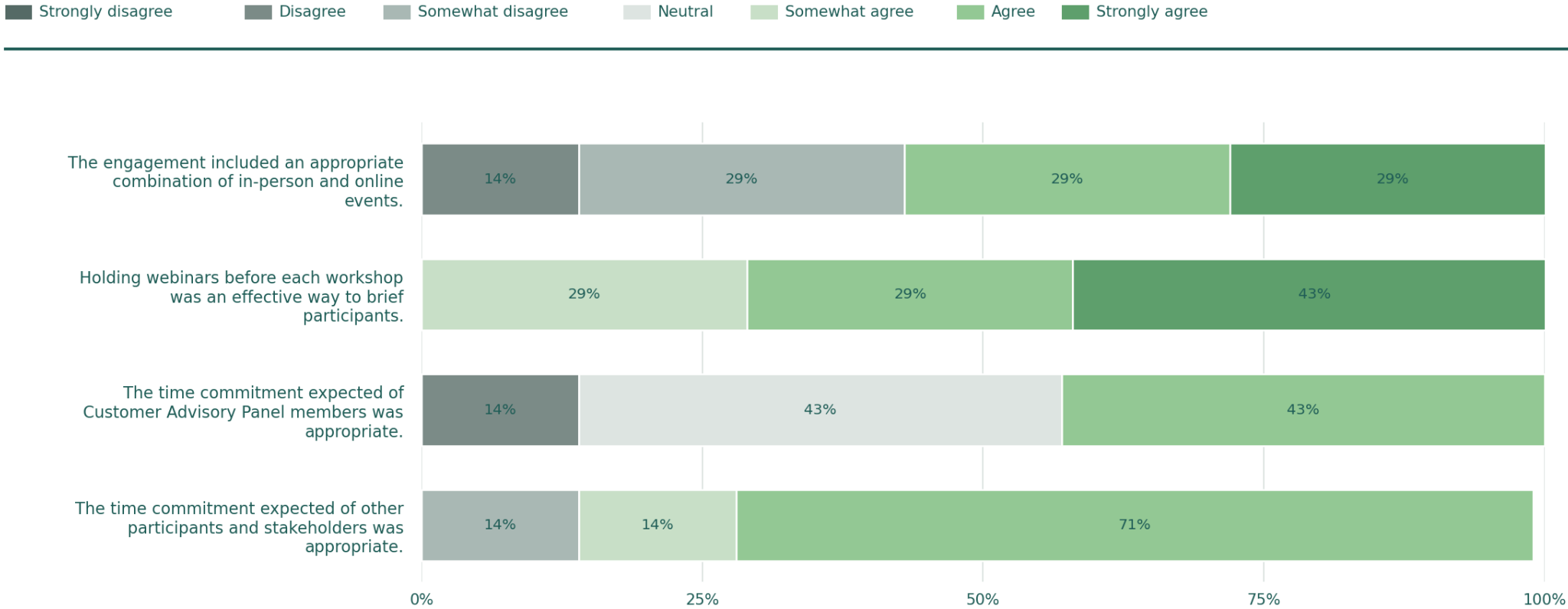



 All slides and material are commercial-in-confidence. © Tingwall. All rights reserved.

Tingwall

FORMAT

# Format

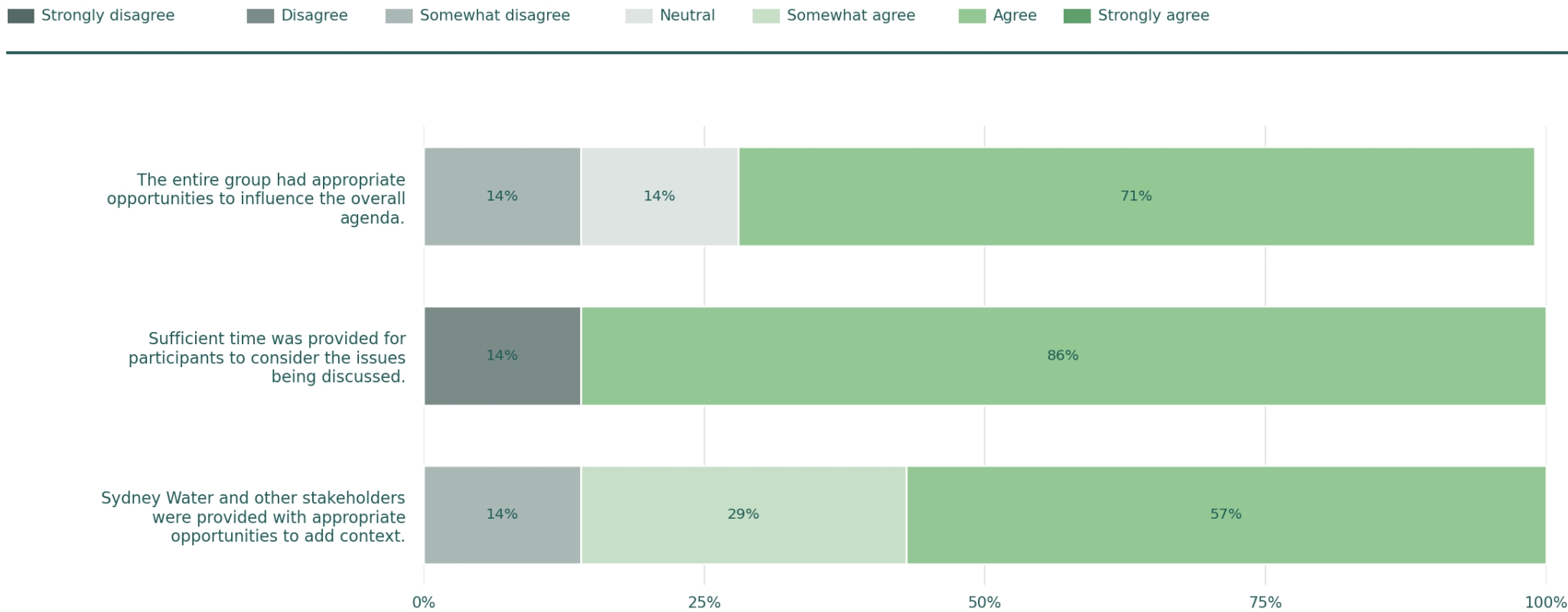



Respondents · n=7

 All slides and material are commercial-in-confidence. © Tingwall. All rights reserved.

TOPICS

# Topics

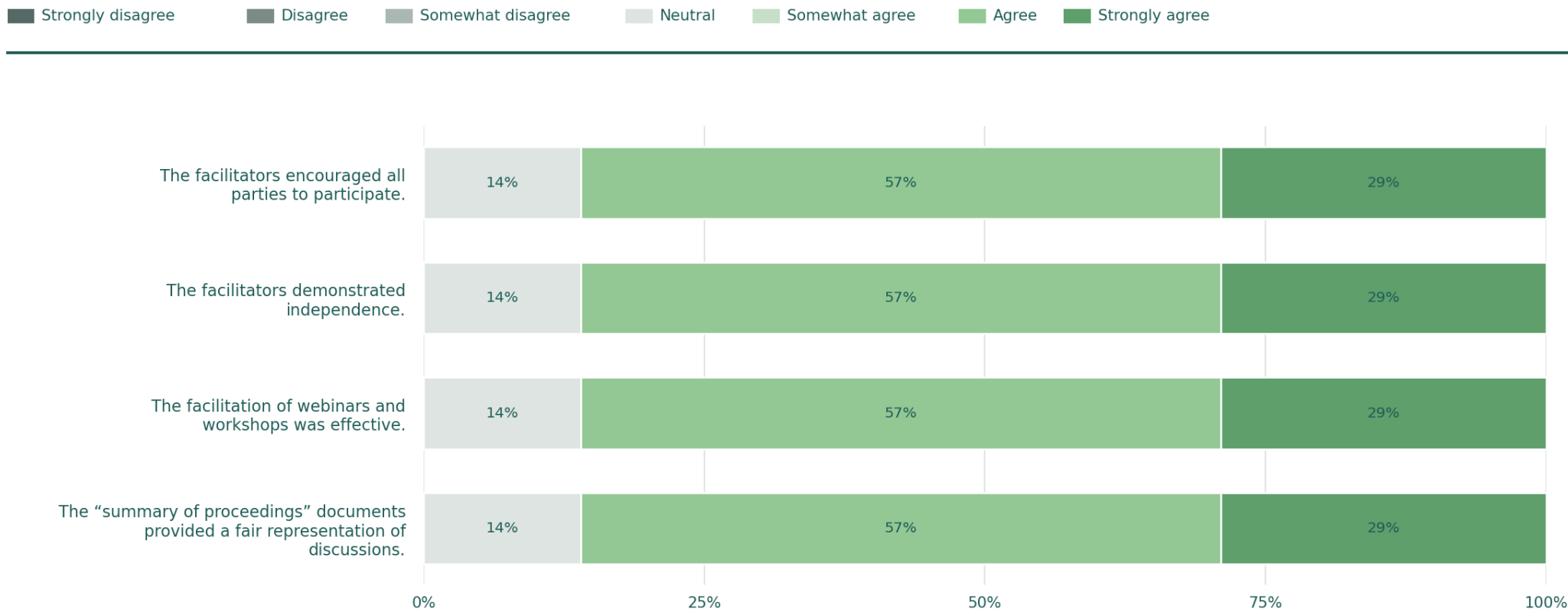



Respondents · n=7

 All slides and material are commercial-in-confidence. © Tingwall. All rights reserved.

FACILITATION

# Facilitation

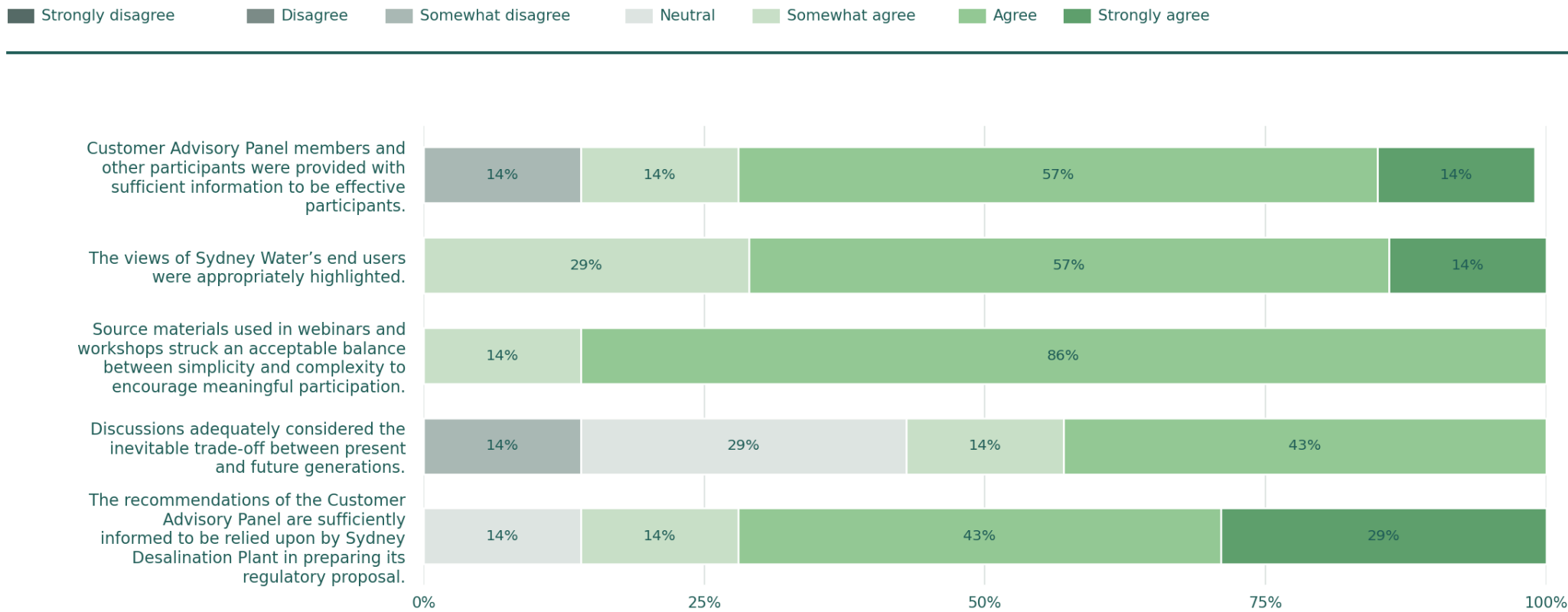



Respondents · n=7

 All slides and material are commercial-in-confidence. © Tingwall. All rights reserved.

INFORMATION

# Information

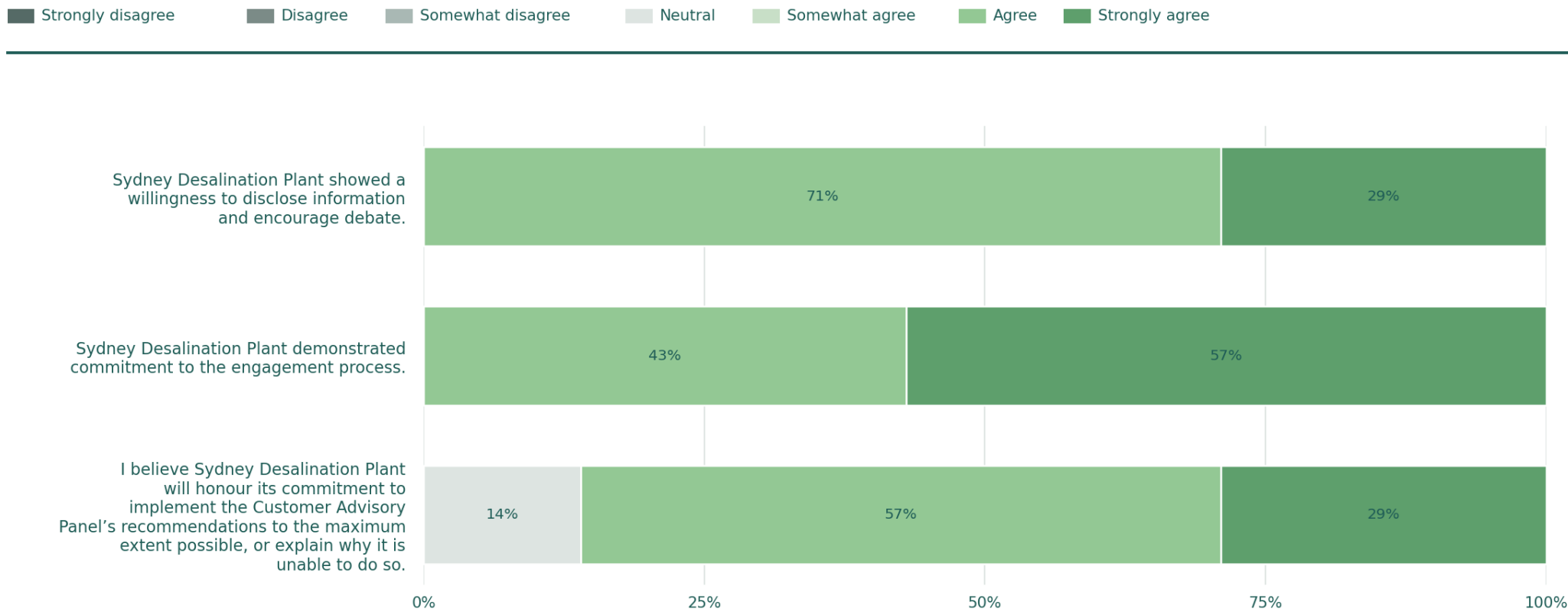



Respondents · n=7

 All slides and material are commercial-in-confidence. © Tingwall. All rights reserved.

SDP COMMITMENT

# SDP commitment




Respondents · n=7

 All slides and material are commercial-in-confidence. © Tingwall. All rights reserved.

## Qualitative Feedback

As part of the post-deliberative survey, participants could provide written feedback on each section. This allowed them to explain their responses, identify issues not captured by the survey questions, and suggest solutions to perceived problems.

Five of the seven respondents commented on the size and composition of the CAP. While views on the relevance of the represented constituencies were broadly positive, respondents identified a need for greater representation of culturally and linguistically diverse communities, more members with relevant expertise who could challenge and question SDP's decisions, and a stronger commitment to ensuring full participation.

Views on the balance between online and in-person facilitation were mixed. Several respondents indicated that there was not enough in-person engagement. One respondent noted that the online format limited the intensity of engagement and resulted in "a small subset of the CAP being responsible for the bulk of meaningful engagement".

Respondents commented on the time commitment required of participants. Respondents described the engagement design as time-consuming. They suggested that workshops could have achieved a better balance between providing information and allowing time for discussion, particularly because webinars were used before workshops to communicate information. One noted that the main issue was not the overall time commitment, but that some CAP members had not been adequately briefed on what would be required of them. However, the respondent also observed that most CAP members met the demanding requirements of the engagement process.

When asked about the agenda-setting process and opportunities for discussion, one respondent felt that differences in CAP members' experience and level of participation meant these opportunities were not always fully realised.

 All slides and material are commercial-in-confidence. © Tingwall. All rights reserved.

Tingwall