

Draft Approval – WaterNSW annual review

Prices for Bulk Water Services – 1 July 2022 to 30 June 2023

22 April 2022

1 Draft Approval

Having regard to the factors below, IPART has approved WaterNSW's regulated charges for *Water Charge Rules 2010 (Cth) (WCR)* Bulk Water Services for the 2022-23 Year.

The regulated charges for WaterNSW's rural bulk water services set under the WCR for the 2022-23 Year will be as set out in the 2021 Determination.

1.1 Factors

Under the WCR, IPART must not approve or determine adjustments to the regulated charges in an annual review, other than those set out in the 2021 Determination for the 2022-23 Year except to the extent, if any, that it is reasonably necessary to make variations to those charges having regard to:

- the changes in the demand or consumption forecasts set out in the application for annual review from those used in the initially determined regulated charges
- price stability; and
- the consistency of the charges with the requirements in other provisions of the WCR.

In giving this approval, IPART has applied the pricing principles published by the ACCC, in accordance with the condition of its accreditation.

1.2 Reasons

IPART's reasons for its approval are set out in the accompanying draft report, 'Annual review of WaterNSW's rural bulk water charges for 2022-23 – Draft Report, April 2022.

1.3 Application

This approval applies to regulated charges for WCR Bulk Water Services supplied by WaterNSW during the 2022-23 Year. That is, this approval applies to services supplied by WaterNSW in the Murray-Darling Basin Valleys (the Border, Gwydir, Namoi, Peel, Lachlan, Macquarie, Murray, Murrumbidgee and Lowbidgee Valleys) and to Rural Water Supply Customers in the Fish River Water Supply Scheme.

This approval does not apply to the maximum prices in the 2021 Determination which are set under the IPART Act. That is, this approval does not apply to services supplied by WaterNSW in Coastal Valleys (the North Coast, South Coast and Hunter Valleys) or to Urban Water Supply Customers in the Fish River Water Supply Scheme. The 2021 Determination continues to apply to WaterNSW's maximum prices for rural bulk water services set under the IPART Act.

2 Background

2.1 Amendments to the WCR

Amendments to the WCR came into effect on 1 July 2020. WaterNSW made a transitional application for the approval of regulated charges on 30 June 2020. Under rule 81(6)(a), IPART determined that application under the WCR as they stood before 1 July 2020 (**Old Rules**).

As a result, IPART determined the maximum prices that WaterNSW can charge for delivery of its bulk water services for the period between 1 October 2021 and 30 June 2025, pursuant to Division 2 of Part 6 of the Old Rules.

Under the transitional provisions, the 2021 Determination is deemed to have been made under the WCR as amended (**New Rules**), with the result that Division 3 (regarding annual reviews) and Division 4 (regarding variations) of Part 6 of the New Rules will apply to the 2021 Determination.

Therefore, under Division 3 of Part 6 of the New Rules, IPART must undertake annual reviews of the regulated charges due to apply from 1 July 2022 and each subsequent year of the determination period.

2.2 The 2021 Determination

- IPART made the 2021 Determination under two regulatory regimes:
 - the regulated charges for certain rural bulk water services supplied by WaterNSW (i.e. WCR Bulk Water Services) were set under the WCR;
 - the maximum prices for the remaining rural bulk water services supplied by WaterNSW were set under the IPART Act.
- Under rule 34 of the WCR, WaterNSW has applied to IPART for approval of its regulated charges for WCR Bulk Water Services in respect of the 2022-23 Year. In its application, WaterNSW has applied for approval of regulated charges as set out in the 2021 Determination.

- Under rule 37 of the WCR, IPART must approve or determine the regulated charges for WCR Bulk Water Services in respect of the 2022-23 Year.

3 Definitions and interpretation

In this approval:

2021 Determination means IPART's determination entitled 'Water NSW - Prices for bulk water services from 1 October 2021' dated September 2021.

2022-23 Year means the period from 1 July 2022 to 30 June 2023.

IPART Act means the *Independent Pricing and Regulatory Tribunal Act 1992* (NSW).

New Rules has the meaning given in section 2.1 of this approval.

Old Rules has the meaning given in section 2.1 of this approval.

WCR means the *Water Charge Rules 2010 (Cth)*.

WCR Bulk Water Services means the services for which IPART has determined regulated charges pursuant to the WCR under the 2021 Determination.

Terms used but not defined in this approval have the same meaning given in the 2021 Determination.

All provisions of the 2021 Determination relevant to the application of the regulated charges for the WCR Bulk Water Services continue to apply during the 2022-23 Year. This includes Clause 2 (Interpretation) of Schedule 6 of the 2021 Determination.