



Maximum prices for water transportation services supplied by Water NSW for the Murray River to Broken Hill Pipeline

Draft Determination

June 2022

Water >>

Tribunal Members

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We recognise the unique cultural and spiritual relationship and celebrate the contributions of First Nations peoples.

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Part 1 Preliminary

1 Application of this determination

1.1 This determination applies to the Pipeline Service

Under sections 11 and 13A of the IPART Act, this determination fixes the maximum prices that Water NSW may charge Essential Energy for the Pipeline Service, and sets a methodology for fixing the maximum prices that Water NSW may charge Non-EE Customers for the Pipeline Service.

1.2 Exclusions from this determination

- (1) This determination does not apply to a Pipeline Service provided pursuant to a Negotiated Services Agreement
- (2) The Suspension Services are not part of the Pipeline Service for the purposes of this determination.

[Note: IPART has deferred the determination of maximum prices for the Suspension Services.]

2 Commencement and term of this determination

- (1) This determination commences on the later of:
 - (a) 1 January 2023; and
 - (b) the date that it is published in the NSW Government Gazette,
(Commencement Date).
- (2) The maximum prices under this determination apply from the Commencement Date to 30 June 2026.
- (3) The maximum prices under this determination prevailing at 30 June 2026 continue to apply beyond 30 June 2026, until this determination is revoked or replaced.

[Note: For the avoidance of doubt, the effect of clause 2 is that this determination will apply in respect of Pipeline Services supplied on or after the Commencement Date, and the 2019 Determination will apply in respect of Pipeline Services supplied prior to the Commencement Date and within the term of the 2019 Determination.]

3 Replacement of the 2019 Determination

This determination replaces the 2019 Determination.

4 Maximum prices

- (1) The maximum price that Water NSW may charge for supplying the Pipeline Service to:
 - (a) Essential Energy is set out in Part 2.
 - (b) Non-EE Customers is set out in Part 3.

5 Legislative background

5.1 IPART may determine maximum prices for government monopoly services supplied by specified government agencies

Section 11(1)(a) of the IPART Act provides IPART with a standing reference for the determination of prices for government monopoly services supplied by a government agency specified in Schedule 1 to the IPART Act. Section 13A of the IPART Act provides that in making a pricing determination for a government monopoly service, IPART may either fix a maximum price or set a methodology for fixing a maximum price.

5.2 The Pipeline Service is a government monopoly service

The Pipeline Service is a government monopoly service because it falls within the scope of the Order.

[Note: On 1 January 2015, the State Water Corporation was continued in existence as a corporation constituted by the Water NSW Act but with the new name of Water NSW. References to the former State Water Corporation in the Order are to be read as references to Water NSW, in accordance with clause 24 of Schedule 2 of the Water NSW Act.]

5.3 Water NSW is specified in Schedule 1 to the IPART Act

IPART has a standing reference to set maximum prices for Water NSW because Schedule 1 to the IPART Act specifies Water NSW.

Part 2 Maximum Price for Essential Energy

6 Application of this part

This part sets out the maximum price that Water NSW may levy for supplying the Pipeline Service to Essential Energy.

7 Maximum price

The maximum price that Water NSW may levy for supplying the Pipeline Service to Essential Energy is the amount calculated using the formula in Box 1.

Box 1 Maximum price for Essential Energy

$$MP_{EE} = AC_{EE} + (UR_{EE} \times U_{EE})$$

Where:

MP_{EE} means the maximum price that Water NSW may levy for supplying the Pipeline Service to Essential Energy for the applicable Period;

AC_{EE} means the access charge specified in Table 1 for the applicable Period;

UR_{EE} means the usage rate specified in Table 2 for the applicable Period; and

U_{EE} means the number of kilolitres of water measured by the Meter for the applicable Period.

Tables 1-2

Table 1 Access charge

1 July 2022 to 30 June 2023 (\$/day)	1 July 2023 to 30 June 2024 (\$/day)	1 July 2024 to 30 June 2025 (\$/day)	1 July 2025 to 30 June 2026 (\$/day)
55,674.72	$55,674.72 \times \text{CPI}_1$	$55,674.72 \times \text{CPI}_2$	$55,674.72 \times \text{CPI}_3$

Table 2 Usage rate

1 July 2022 to 30 June 2023 (\$/kL)	1 July 2023 to 30 June 2024 (\$/kL)	1 July 2024 to 30 June 2025 (\$/kL)	1 July 2025 to 30 June 2026 (\$/kL)
0.22	$0.22 \times \text{CPI}_1$	$0.22 \times \text{CPI}_2$	$0.22 \times \text{CPI}_3$

Part 3 Maximum Price for Non-EE Customers

8 Application of this part

This part sets out the maximum price that Water NSW may levy for supplying the Pipeline Service to Non-EE Customers.

9 Maximum price

The maximum price that Water NSW may levy for supplying the Pipeline Service to a Non-EE Customer is the amount calculated using the formula in Box 2.

Box 2 Maximum prices for Non-EE Customers

$$MP_{NEE} = (AC_{NEE} \times O_{NEE}) + (UR_{NEE} \times U_{NEE})$$

Where:

MP_{NEE} means the maximum price that Water NSW may levy for supplying the Pipeline Service to Non-EE Customers for the applicable Period;

AC_{NEE} means the access charge specified in Table 3 for the applicable Period;

O_{NEE} means the Non-EE Customer's Number of Offtakes;

UR_{NEE} means the usage rate specified in Table 4 for the applicable Period; and

U_{NEE} means the number of kilolitres of water supplied to the Non-EE Customer for the applicable Period.

Tables 3-4

Table 3 Access charge

1 July 2022 to 30 June 2023 (\$/day)	1 July 2023 to 30 June 2024 (\$/day)	1 July 2024 to 30 June 2025 (\$/day)	1 July 2025 to 30 June 2026 (\$/day)
18.20	$18.20 \times \text{CPI}_1$	$18.20 \times \text{CPI}_2$	$18.20 \times \text{CPI}_3$

Table 4 Usage rate

1 July 2022 to 30 June 2023 (\$/kL)	1 July 2023 to 30 June 2024 (\$/kL)	1 July 2024 to 30 June 2025 (\$/kL)	1 July 2025 to 30 June 2026 (\$/kL)
0.22	$0.22 \times \text{CPI}_1$	$0.22 \times \text{CPI}_2$	$0.22 \times \text{CPI}_3$

Part 4 Statement of reasons for setting methodologies

10 Legislative framework

Under section 13A(2) of the IPART Act, IPART may not choose to make a determination that involves setting the methodology for fixing a maximum price, unless IPART is of the opinion that it is impractical to make a determination directly fixing the maximum price. If IPART makes a determination that involves setting the methodology for fixing a maximum price then it must include in its determination a statement of reasons as to why it chose to set a methodology (see section 13A(3) of the IPART Act).

11 Statement of reasons

IPART has set a methodology for fixing the maximum price for supplying the Pipeline Service to Non-EE Customer. This is because the cost of providing the Pipeline Service to Non-EE Customers depends on the Non-EE Customer's Number of Offtakes. It is impractical to make a determination directly fixing a maximum price for supplying the Pipeline Service to Non-EE Customers because the costs of providing the Pipeline Service through an Offtake varies depending on the Number of Offtakes a customer has.

Part 5 Definitions and interpretation

12 Interpretation

12.1 General provisions

In this determination:

- (1) headings are for convenience only and do not affect the interpretation of this determination;
- (2) a reference to a part, clause, table or box is a reference to a part of, clause of, table in or box in, this determination unless otherwise indicated;
- (3) a construction that would promote a purpose or object expressly or impliedly underlying the IPART Act is to be preferred to a construction that would not promote that purpose or object;
- (4) words importing the singular include the plural and vice versa;
- (5) a reference to a law or statute includes regulations, rules, codes and other instruments (including licences) under it and consolidations, amendments, re-enactments or replacements of them or of the law or statute itself;
- (6) where a word is defined, other grammatical forms of that word have a corresponding meaning;
- (7) a reference to a day is to a calendar day;
- (8) a reference to a financial year is a reference to a period of 12 months beginning on 1 July and ending on the following 30 June;
- (9) a reference to a person includes a reference to the person's executors, administrators, successors, substitutes (including, but not limited to, persons taking by novation), replacements and assigns; and
- (10) a reference to a body, whether statutory or not, which ceases to exist; or whose powers or functions are transferred to another body, is a reference to the body which replaces it or which substantially succeeds to its powers or functions.

12.2 Explanatory notes and amendment notices

- (1) Explanatory notes do not form part of this determination, but in the case of uncertainty may be relied on for interpretation purposes.
- (2) Under section 32 of the IPART Act, IPART may amend this determination to correct a minor, obvious, clerical or administrative error by publishing a notice in the NSW Government Gazette.

12.3 Maximum prices exclusive of GST

- (1) Maximum prices specified in this determination do not include GST.

- (2) For the avoidance of doubt, where GST is lawfully applied to maximum prices under this determination, the resulting GST inclusive price is consistent with this determination.

12.4 Rounding Rule

- (1) Any maximum price calculated in accordance with this determination is to be rounded to the nearest whole cent.
- (2) For the purposes of rounding a maximum price under clause 12.4(1), any amount that is a multiple of 0.5 cents (but not a multiple of 1 cent), is to be rounded up to the nearest whole cent.
- (3) The CPI multipliers calculated under clause 13.1 are to be rounded to three decimal places before adjusting a maximum price for inflation.
- (4) For the purposes of rounding the CPI multipliers under clause 12.4(3), any amount that is a multiple of 0.0005 (but not a multiple of 0.001) is to be rounded up to three decimal places.

12.5 Billing and Meter reading

For the avoidance of doubt, nothing in this determination affects:

- (1) when Water NSW may issue a bill to Essential Energy or a Non-EE Customer for prices or charges under this determination; or
- (2) when Water NSW must read a Meter.

13 Definitions

13.1 Consumer Price Index

- (1) CPI means the consumer price index All Groups index number for the weighted average of eight capital cities, published by the Australian Bureau of Statistics, or if the Australian Bureau of Statistics does not or ceases to publish the index, then CPI will mean an index determined by IPART.
- (2) The maximum prices in this determination are to be adjusted for inflation by multiplying the specified price by the specified CPI multiplier:
 - (a) CPI_1 ;
 - (b) CPI_2 ; or
 - (c) CPI_3 .
- (3) The CPI multipliers are calculated using the applicable formula in Box 3.

Box 3 Calculation of CPI multipliers

$$CPI_1 = \frac{CPI_{March2023}}{CPI_{March2022}}$$

$$CPI_2 = \frac{CPI_{March2024}}{CPI_{March2022}}$$

$$CPI_3 = \frac{CPI_{March2025}}{CPI_{March2022}}$$

Where:

$CPI_{March2022}$ means CPI for the March quarter of 2022;

$CPI_{March2023}$ means CPI for the March quarter of 2023;

$CPI_{March2024}$ means CPI for the March quarter of 2024; and

$CPI_{March2025}$ means CPI for the March quarter of 2025.

13.2 General definitions

In this determination:

2019 Determination means IPART's determination dated 2019 and titled 'Water NSW prices for water transportation services provided by the Murray River to Broken Hill Pipeline from 1 July 2019', published in New South Wales, Gazette, No 67, 28 June 2019, 2387.

Commencement Date means the commencement date defined in clause 2(1).

CPI means the Consumer Price Index calculated in accordance with clause 13.1.

Essential Energy means the corporation established under section 7 of the *Energy Services Corporations Act 1995* (NSW) and listed in Part 2 of Schedule 1 of that Act as 'Essential Energy'.

GST means the Goods and Services Tax as defined in *A New Tax System (Goods and Services Tax) Act 1999* (Cth).

IPART means the Independent Pricing and Regulatory Tribunal established under the IPART Act.

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

Meter means the meter located at or about the Broken Hill delivery point outside Water NSW's bulk water storage facility.

Multiple-Customer Offtake means an Offtake to which more than one customer has access.

Multiple-Customer Offtake Value means, in respect of a Multiple-Customer Offtake, one divided by the number of customers who have access to that Multiple-Customer Offtake.

[Note: For example, for a Multiple-Customer Offtake to which two customers have access, the Multiple-Customer Offtake Value would be $\frac{1}{2}$]

Negotiated Services Agreement means a written agreement between Water NSW and a Non-EE Customer, a copy of which is provided to IPART by Water NSW:

- (a) under which Water NSW agrees to supply the Pipeline Service to the Non-EE Customer at prices that are not the maximum prices set out in Part 3 of this determination for the Pipeline Service; and
- (b) which is entered into after 1 July 2019.

Non-EE Customer means a customer other than Essential Energy.

Number of Offtakes means, in respect of a Non-EE Customer, the sum of:

- (a) the total number of Single-Customer Offtakes to which the Non-EE Customer has access; and
- (b) the sum of all the Multiple-Customer Offtake Values for each Multiple-Customer Offtake to which the Non-EE Customer has access.

Offtake means an outlet from the Pipeline through which one or more Non-EE Customers may be supplied water from the Pipeline.

Order means the *Independent Pricing and Regulatory Tribunal (Water Services) Order 2004* published in New South Wales, *Gazette*, No 144, 10 September 2004, 7520.

Period means, as the case may be:

- (a) 1 July 2022 to 30 June 2023;
- (b) 1 July 2023 to 30 June 2024;
- (c) 1 July 2024 to 30 June 2025; or
- (d) 1 July 2025 to 30 June 2026.

Pipeline means the pipeline that:

- (a) transports water from the Murray River at Wentworth to Water NSW's bulk water storage facility near Broken Hill; and
- (b) is operated by, or on behalf of, Water NSW.

Pipeline Service means the services involved in the supplying of water by means of, or in connection with, the Pipeline to Essential Energy and Non-EE Customers.

Restart Service means the services involved in recommencing the Pipeline Service after a Shutdown Service at Essential Energy's written request.

Shutdown Service means the services involved in suspending the Pipeline Service at Essential Energy's written request.

Single-Customer Offtake means an Offtake to which only one customer has access.

Standby Service means the services involved in making the Pipeline available for the Restart Service.

Suspension Services means the Shutdown Service, the Restart Service and the Standby Service.

Water NSW means the corporation constituted under the Water NSW Act.

Water NSW Act means the *Water NSW Act 2014* (NSW).