



The Hon. Melinda Pavey MP
Minister for Water, Property and Housing

IM21/21426
Your Ref: 20/534

Ms Liz Livingstone
CEO, IPART
PO BOX K35
HAYMARKET POST SHOP NSW 1240

Via email: Liz.Livingstone@ipart.nsw.gov.au

Dear Ms Livingstone

Thank you for your letter of 23 July 2021 concerning the timing of the next review of prices for the Sydney Desalination Plant Pty Ltd (SDP).

I note your advice that IPART is due to commence its review of new prices for the SDP in September 2021 with new prices due to commence on 1 July 2022. I understand that IPART would conduct its review based on the existing operating rules as there would insufficient time to consider any new operating rules before the review is due to be completed.

As part of the draft Greater Sydney Water Strategy currently being developed, the NSW Government is considering changes to SDP's operating rules that would allow it to run more flexibly. My agencies are working on the details of those arrangements and there are a number of approval steps to complete before I confirm those changes and amend SDP's operating licence. This process is likely to take a number of months.

I have considered your advice and the implications of proceeding with the review as planned under SDP's current operating rules and re-opening the review once the operating rules have been changed. This approach would not provide the necessary certainty and transparency to the community.

I therefore ask that IPART defer its next review of SDP's prices until the changes to SDP's operating licence have been made but that the new determination is finalised by no later than 30 June 2023 regardless of whether the changes to SDP operating conditions have been finalised to ensure that all stakeholders have certainty about the price review process.

I also note your advice that once IPART defers the price review, current prices would continue until the price review is completed in, or before, June 2023. I would like to ensure that IPART consider the best interests of water customers and welcome your suggestion to consider compensating water customers for current prices remaining in effect after 1 July 2022.

If you require additional information or wish to discuss this matter further, please contact Mr Ashraf El-Sherbini, Director Metropolitan Water Utilities at the Department of Planning, Industry and Environment on 0428 441 699.

Thank you for bringing this matter to my attention.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Melinda Pavey', written over a circular blue stamp.

16/8/2021

Melinda Pavey MP
Minister for Water, Property and Housing