



17 September 2012

Mr James Cox
Chief Executive Officer
Independent Pricing and Regulatory Tribunal
Level 8, 1 Market Street
SYDNEY NSW 2000

Dear Mr ~~Cox~~ Jim

Thank you for the opportunity to comment on the application by Water Factory Company (WFC) Pty Ltd for a retail supplier licence under the *Water Industry Competition Act 2006*.

Sydney Water continues to work closely with WFC on the commercial and operational impacts of individual projects. We will also work closely with both IPART and WFC, in developing a defined regulatory relationship between the parties.

Sydney Water has already provided responses to IPART on the specific WFC developments referred to at Pitt Town and Central Park. As such, our position has not changed in regard to the 'network operator' aspects of Pitt Town or Central Park.

We understand from reviewing the current application, that as the parent company, WFC intends to be the licenced retail supplier for a range of schemes, current and future, where other parties are the licenced network operator. This could occur in cases where a WFC subsidiary, or a third party, was the network operator.

We further note in the application that WFC appears to propose that the retail supplier licence area of operations, would cover all of Sydney Water's area of operations.

WFC's proposed approach appears to be a measure that will allow it administrative savings, as it will not need to apply for new retail supplier licenses every time a new network operator scheme is developed.

On this basis, Sydney Water does not have any concerns regarding the WFC application. If the proposed approach has wider implications, Sydney Water would be pleased to provide further comment.

If IPART's officers would like to discuss this further with Sydney Water, please contact Stuart Wilson, Manager Regulatory Strategy and Pricing, on (02) 8849 5827.

Yours sincerely,

Kevin Young
Managing Director