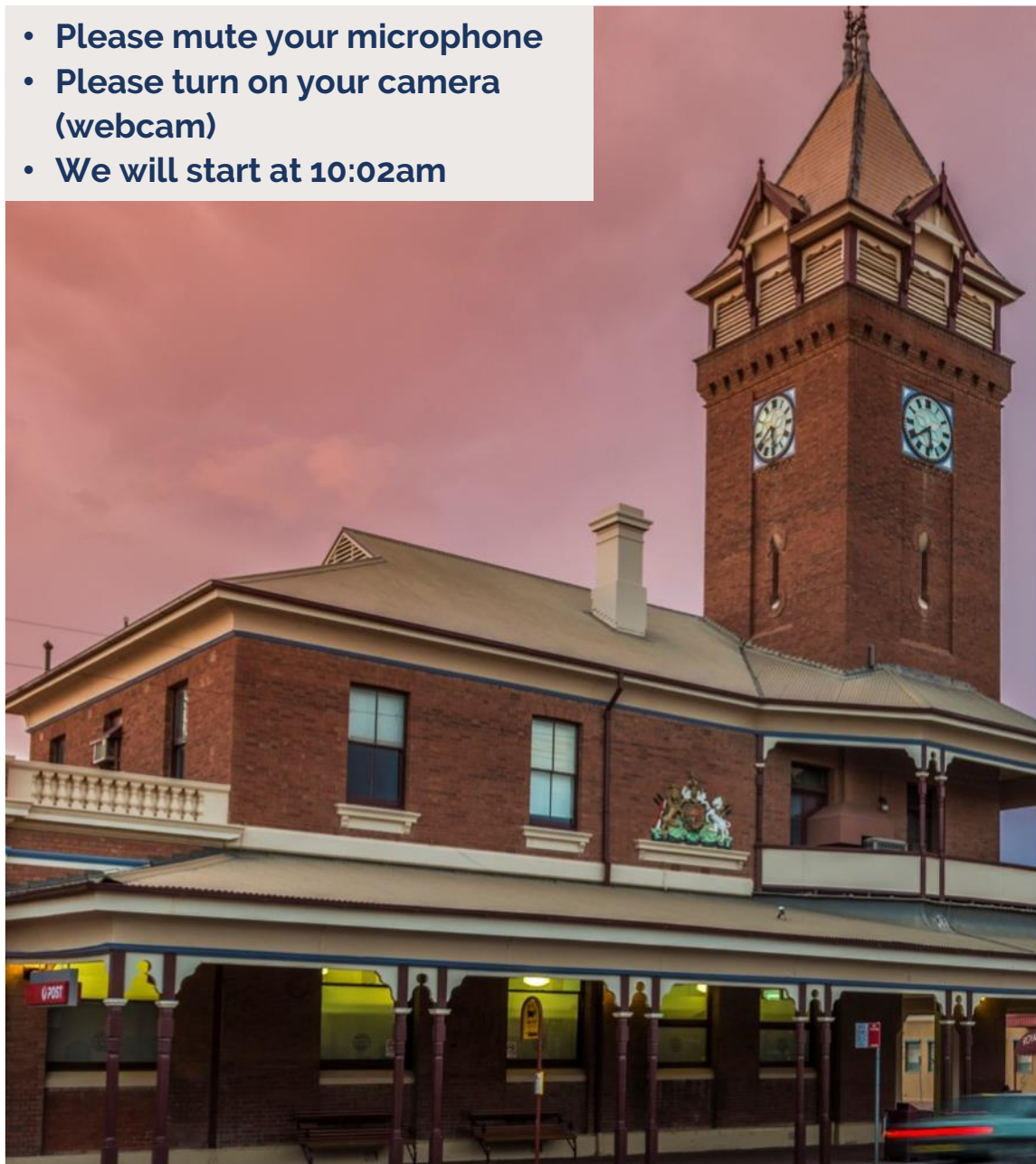


- Please mute your microphone
- Please turn on your camera (webcam)
- We will start at 10:02am



# Review of prices for Essential Water and the WaterNSW Pipeline

Public Hearing

6 September 2022





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# Welcome and Acknowledgement of Country

Carmel Donnelly  
IPART Chair

# Agenda

10:00–10:50 am	Session A Overview of the two price reviews
10:50–11:05 am	Short Break
11:05am–12:00 pm	Session B Essential Water Draft Report and presentation by Essential Water
12:00–1:00 pm	Lunch Break
1:00–2:00 pm	Session C WaterNSW Pipeline Draft Report and presentation by WaterNSW

Public hearing



## Session A

# Overview of price reviews

## IPART's role in setting prices

In Broken Hill, we set:

- maximum prices Essential Water can charge customers for water, wastewater and other services it provides as a regulated water utility
- maximum prices WaterNSW can charge Essential Water and offtake customers using the Murray River to Broken Hill Pipeline (WaterNSW Pipeline).

# Our goal

Ensuring you pay a fair price for safe, good quality and reliable services

# Our role

Setting maximum prices for Essential Water and WaterNSW's services based on efficient costs



## How we set draft prices

- 01 Deciding for how long prices would be set
- 02 Looking closely at costs to set the required income
- 03 Deciding on appropriate price structures
- 04 Setting draft prices that meet required income

# Overview of Essential Water price review

## Draft annual revenue

\$24 m

each year over 4 years, excluding Pipeline costs

Around the same level of cost set in the 2019 review

## Typical annual bills in 2022-23

\$1,453

Typical annual bills for treated water customers

Annual bills would remain stable before inflation



# Overview of WaterNSW price review

## Draft annual revenue

\$21 m

each year over 4 years

Around \$5 m lower a year compared to the last year of the 2019 determination

## Typical annual bills for WaterNSW's customers

The Government subsidy would fall by

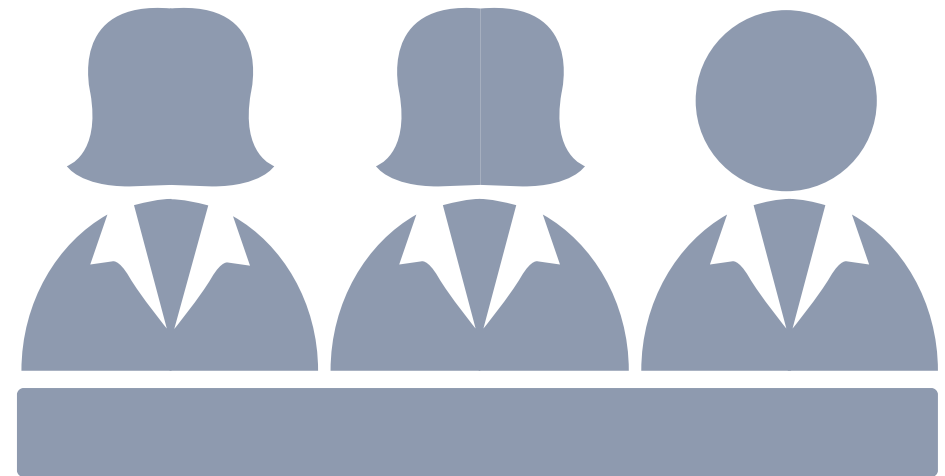
20%

Bills for Offtake customers would fall by around

16%

The government subsidy covers Essential Water's bill

## Q & A session



Public hearing



Short break  
10:50am to 11:05am

Public hearing



# Session B Review of Essential Water's prices

# Key messages for Essential Water pricing



Operating costs



Capital project costs



Most prices and typical  
bills remain constant  
before inflation



NSW Government has  
committed to  
funding the Pipeline

## Draft decisions on costs

### Operating costs

\$54 m

**IPART draft** operating costs over the next 4 years

7% ↑

Higher than operating costs set in 2019

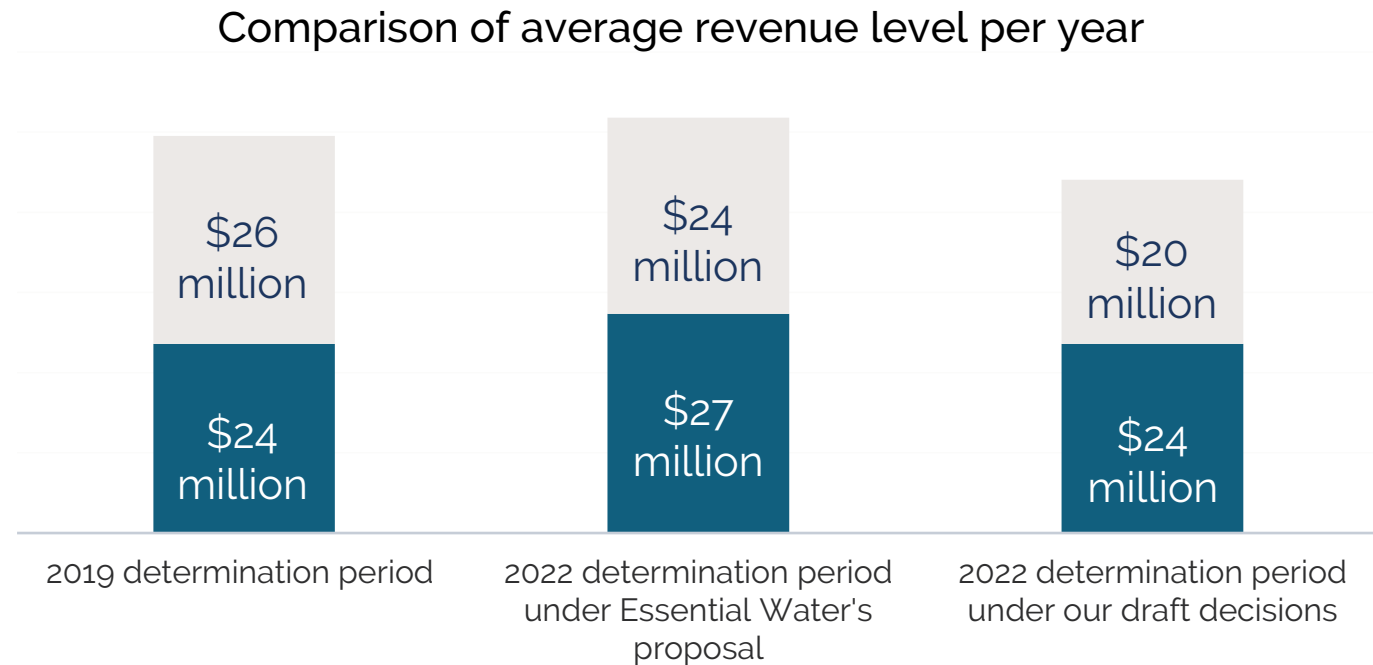
### Capital costs

\$77 m

**IPART draft** capital costs over the next 4 years

We accepted most of Essential Water's proposed capital costs

## Draft decision on revenue level



- Costs for using the WaterNSW Pipeline paid by NSW taxpayers
- Essential Water's costs paid by customers in Broken Hill region

## Draft decisions on prices

### Service charges

0%

**IPART draft**  
change each year

2% ↑

**Essential Water proposed**  
change each year

### Draft yearly change to usage charges

0%

Treated & standard  
untreated

4% ↑

Chlorinated

7% ↑

Essential Water (EW)  
Pipeline untreated



## Draft bills & impacts

Treated water bills will see no changes under draft prices



Chlorinated water customers and EW Pipeline customer bill changes under draft prices in 2022-23



2.4%



Chlorinated customers



3.3%



EW Pipeline customers

Public hearing



## Session B

# Stakeholder presentations



# Submission to IPART's Draft Report – Essential Water's prices for water and wastewater services in Broken Hill

Luke Jenner - Chief Operating Officer

6 September 2022



# Acknowledgement of Country

In the spirit of reconciliation, I would like to begin by acknowledging the Traditional Custodians of country throughout Australia and their connections to land, sea and community.

The lands on which our network operates on is country for a number of First Nations including Wiljali Country, Danggali Country and Barkindji Country on the plains of Far Western New South Wales (NSW).

We are committed to honouring Aboriginal and Torres Strait Islander peoples' unique cultural and spiritual relationships to the land, waters and seas and their rich contribution to society.

I pay my respects to the ancestors and Elders past, present and emerging, and extend that respect to all Aboriginal and Torres Strait Islander peoples today. I also encourage all persons present to embrace that respect for this meeting and beyond.



The Indigenous logo, created by Michael Lambeth, Gulibal Man from the Bundjalung Nation and Essential Energy powerline worker, represents "working together from area to area, protecting the land and each other".

# We provide water and wastewater services in one of the driest and most remote parts of NSW



**Sewerage Services**  
Broken Hill



**10,000**  
Residential customers



**18,000 people**  
Drinking quality water



**Potable Water**  
Broken Hill  
Menindee



**600**  
Non-residential customers



**100% compliance**  
To water quality standards



**Non-Potable Water**  
Sunset Strip  
Silverton



**5.8 GL Water**  
Supplied per annum



**98% Availability**  
Target achieved



**220 Kilometres**  
Water mains network



**246 Kilometres**  
Sewerage mains

“Thanks to the field staff for their promptness and efficiency. Very impressed with the staff overall, they were friendly and quick, they got to work and fixed the problem and cleaned up, all very promptly. Great at their jobs. “

Customer feedback - 23 July 2022

# We are focused on meeting the needs of our customers, and value their feedback



High awareness of Essential Water brand  
Strongly associated with 'reliable'



Affordable was the lowest rated brand value



High satisfaction with services provided  
Broken Hill customers were highly satisfied with their sewerage services



Moderate satisfaction with water quality but two thirds of residents indicated that water quality had improved in the past few years



Customer who had contacted Essential Water where highly satisfied with customer service



Moderate levels of satisfaction for value, with only half of customers highly satisfied

# We are working hard to deliver services efficiently for our customers



# Our prices aim to keep bills affordable and achieve a reasonable share of costs

## Water and wastewater bills to remain stable before inflation

- > Customers contribute around half of the cost of water and wastewater services with the remaining half subsidised by the NSW Government
- > Facing unique cost pressures in the current environment making it challenging for us to limit the costs of providing these services to less than inflation

## Some usage prices would increase by more than inflation

- > Our chlorinated water customers, and customers who receive untreated water from the Pipeline transitioning to water usage prices that better reflect the costs of supply

## Prices for trade waste and other services

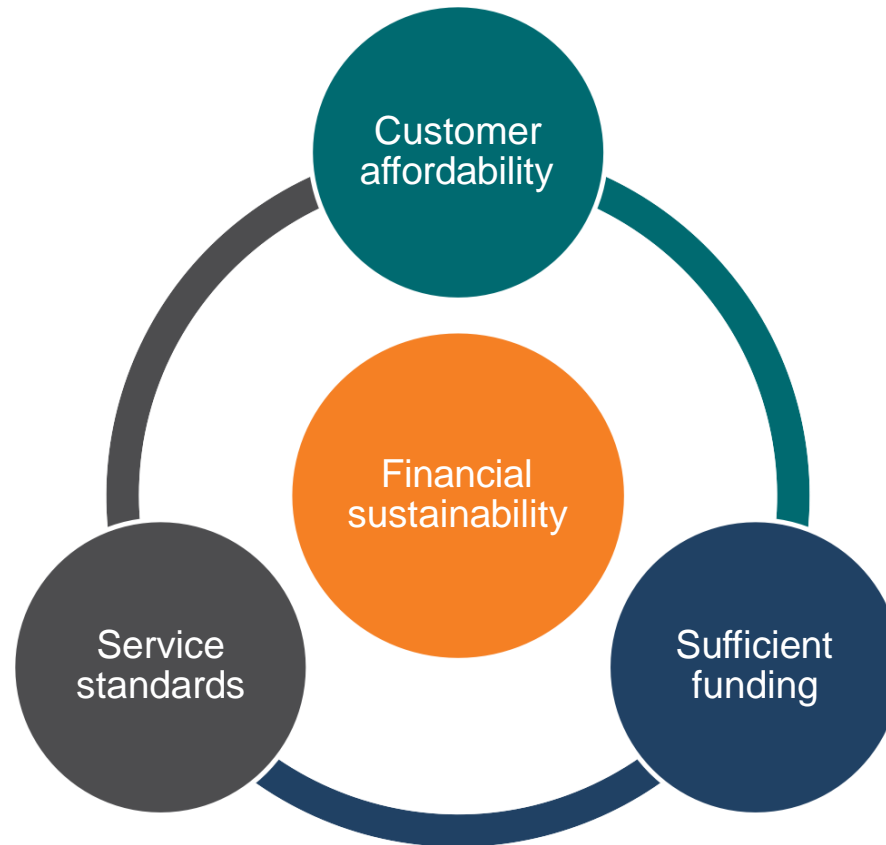
- > Trade waste fixed prices to be held constant (before inflation) with usage prices transitioning to Department of Planning and Environment's (DPE's) guideline prices
- > Miscellaneous prices to be held constant (before inflation)



# Our operating environment is challenging

## Local environment

- > Small water business
- > Harsh physical environment
- > Ageing water and sewer network that needs replacing
- > Affordability
- > Specialist skills needed by staff to maintain service outcomes
- > Skill shortages in the region
- > Local recruitment for specialist skills



## Wider environment

- > New cost and supply chain pressures since 2021
  - COVID-19
  - Ukraine war
- > Unprecedented investment in infrastructure across Australia
- > Significant increases in cost of materials
- > Higher energy prices reflecting higher fuel prices and generating supply issues

# We are working to improve our performance over the 2022 regulatory period

## Asset management strategy

- > Some delays in repairing and refurbishing old infrastructure
- > Often need to spend time responding to breaks and leaks, rather than undertaking preventative work
- > Scope to improve how we identify and prioritise work through better asset management information, systems and strategy. Will deliver improvements over the 2022 regulatory period

## Managing our resources

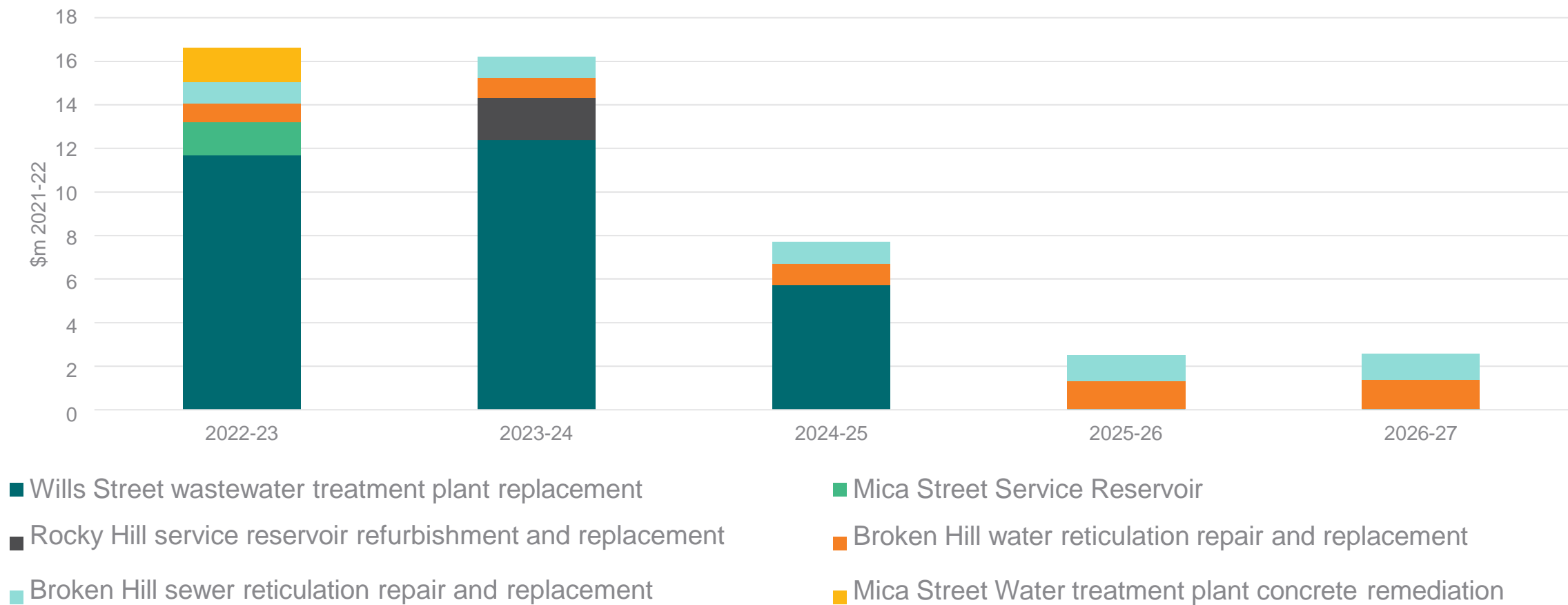
- > Committed to working smarter
- > Better asset management will enable us to work proactively, rather than reactively
- > Investing in training new apprentices and ongoing cross-skilling staff to ensure we have the specialist resources required to maintain service outcomes for our customers

## Measuring our performance

- > IPART has identified there is scope to improve the way we measure our performance
- > Introduction of new performance measures to ensure we track our performance against metrics customers value

# We have a significant investment program, but we recover the costs over many years, limiting the bill impact

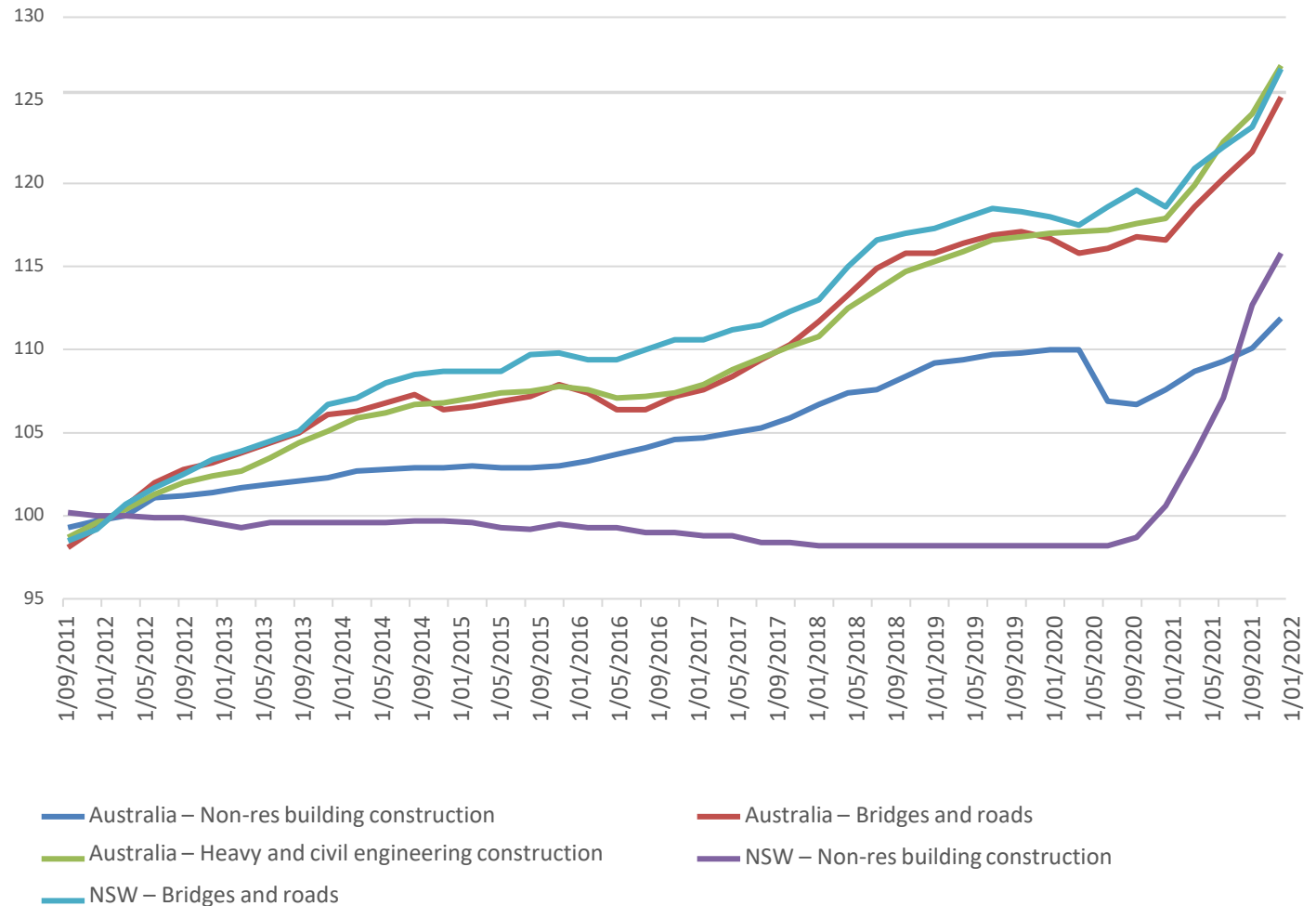
Key projects over the next few years



# We are facing unique cost pressures in the current environment

- > Official measures of construction costs in NSW are rising more quickly than inflation, and faster than the national average
- > Our remote location means further cost increases above inflation
- > Committed to delivering ongoing efficiency gains for customers, but the current economic climate means an additional IPART efficiency factor is not required

ABS construction producer price indices



# We are looking forward to the opportunities to meet the needs of our customers reliably and efficiently

## Improving our operations

- > Improved asset management and workflow systems to schedule and plan work better, enabling us gain efficiencies and be more proactive

## Investing in the future

- > Investing in our staff and community, ensuring specialist skills are available
- > Upgrading our aging system through our capital expenditure program
- > Developing our water storages strategy
- > Commitment from NSW Government to subsidise the cost of the Broken Hill Pipeline

## Managing affordability

- > Seeking continuation of smaller subsidies from the NSW Government, to minimize bill increases as we slowly transition to cost-reflective prices for some customers:
  - receiving chlorinated water
  - receiving untreated water from the Pipeline
  - who have trade waste
- > Customers currently receive rebates continue to do so

## Encouraging innovation

- > Applying costs to trade waste dischargers, so they reflect on their practices and work to reduce them
- > Solar panels to reduce costs of pumping
- > Opportunity for greater use of recycled water for parks, gardens and commercial use where appropriate

# We urge IPART to reconsider our expenditure allowances to ensure we can meet our customers' needs

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- > Our pricing proposal outlined our efficient costs (revenue) needed to provide services to customers over the next years. This expenditure will allow us to improve our operations, invest in our future, while managing affordability.
- > IPART's Draft Determination limits price increases for most of our customers to inflation, with the difference in revenue from customers and our revenue needs (costs) to come from the NSW Government.
- > We support most of IPART's draft decisions, however, we are concerned that IPART's assessment of our efficient costs (to be recovered from customers and the NSW Government) is too low.
- > The application of an ongoing efficiency factor on top of our assessment of efficient costs is excessive – given our forecasts were generated prior to the unprecedented high-cost environment we now face and many of our costs are rising faster than CPI (meaning our forecasts already implicitly include a significant ongoing efficiency factor).
- > We urge IPART to accept our proposed operating and capital expenditure allowances, to ensure we can meet our customers' needs. The combination of determined prices and recommended level of Government funding should ensure that we are provided with sufficient funds to cover our efficient costs.



# Essential Water

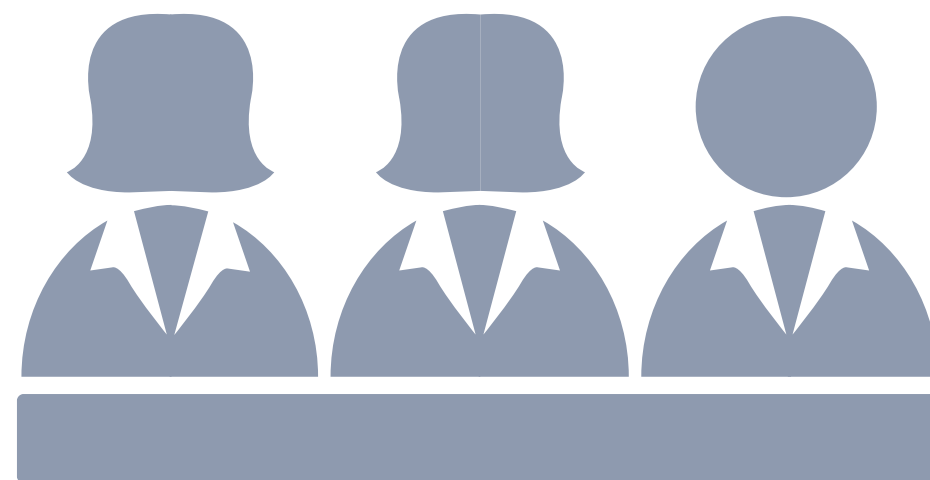
Operates water and sewerage services for 10,000 customers in Broken Hill, Menindee, Sunset Strip and Silverton.

Contact us:

General enquiries 13 23 91  
Water leaks and blockages 13 20 80  
[essentialwater.com.au](http://essentialwater.com.au)  
[info@essentialwater.com.au](mailto:info@essentialwater.com.au)



## Q & A session





Public hearing



Lunch break  
12:00pm to 1:00pm

Public hearing



Session C  
Review of WaterNSW  
Pipeline prices

## Key messages for WaterNSW Pipeline pricing



\$16<sup>m</sup>

Total  
operating  
costs



\$10,000

Capital  
projects



Typical bills  
would  
decrease,  
before inflation

## Draft decisions on costs and revenue levels

### Draft operating costs

\$16 m

11% higher than what we set  
in 2019

### Draft capital costs

\$10,000

Capital costs over  
the next 4 years

### Draft revenue requirement

\$82 m

Revenue  
requirement  
2022-2026



21% ↓

Lower than the  
average revenue  
set in 2019

\$5 m ↓

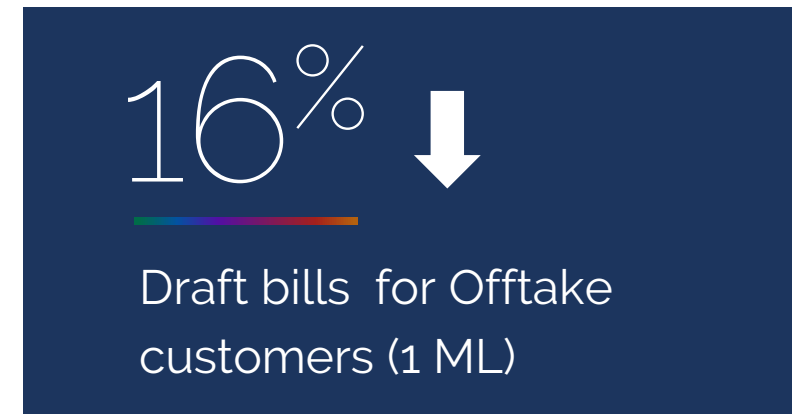
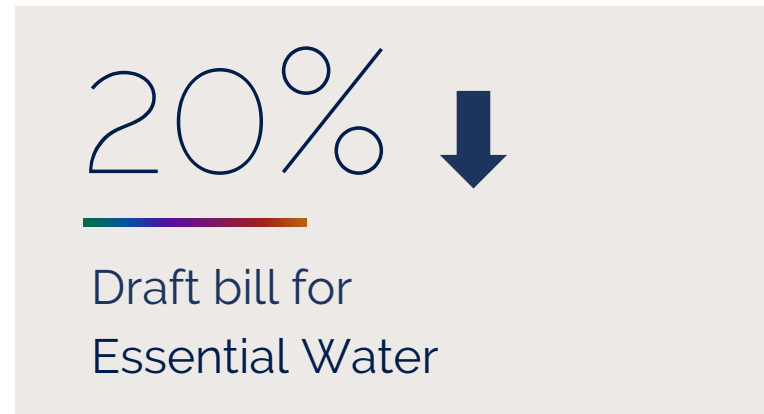
Lower than the  
average revenue  
set in 2019

## Draft prices and bills

### Draft prices for Essential Water



### Draft prices for offtake customers



Public hearing



## Session C

# Stakeholder presentations

# WaterNSW Pricing Proposal to IPART Broken Hill Pipeline Services from 1 January 2023



IPART Public Forum – 6 September 2022

# Overview



- Who we are
- The key dimensions of our pricing proposal
- Proposals accepted or rejected in IPART's Draft Decision
- Recommendations and feedback








# Our proposal



In June 2021 WaterNSW submitted its Pricing Proposal for the Wentworth to Broken Hill Pipeline to IPART for transportation services along the Pipeline from 1 July 2022 in which we proposed:

- A package that would result in average customer bills **decreasing by 4% in real** terms by the end of the 2022 Determination period.
- A **five-year determination period** from 1 July 2022 with **risk management arrangements** to ensure we can efficiently manage risks within our control.
- A **building block approach** is used to calculate WaterNSW notional revenue requirement for regulated transportation services.
- A **price cap** should continue as the form of price control.
- Transportation prices remain regulated, but WaterNSW and its customers can enter into **negotiated pricing agreements** for other agreed services.

# Key dimensions of our proposal

Element of Regulatory Framework	Element of proposed change	Promoting better customer outcomes	Accepted in the Draft Report?
 Form of regulation	Scope of regulated services	— Providing services that meet customers' needs and allow for negotiated outcomes	✓
	Length of determination period	✓ Five-year period for enhancing opportunities for efficiency gains	✗
	Form of price control	●	
 Risk management mechanisms	Managing unforeseen or uncertain costs	✓ Efficient allocation of risk in managing uncontrollable costs including pass throughs	✗
	Managing uncontrollable movements in benchmark electricity price	✓ Efficient process for managing movements in benchmark electricity price	✓
 Approach to establishing efficient costs	Operating and maintenance costs	● Efficient costs of operating and maintaining the pipeline through competitive tendering process	—
	Benchmark electricity costs	●	✗
	Corporate operating costs	✓ Efficient costs of overseeing our services consistent with a benchmark efficient entity	✓
	Capital costs	●	
 Approach to establishing revenue requirements	Rate of return methodology	●	
	Forecast inflation	✓ Glidepath approach likely to reflect actual inflation and minimise windfall gains / losses	✗
	Depreciation	●	
	RAB roll forward	●	
 Tariffs and charges	Price structure	●	
	Price levels	— Real reductions reflecting the prudent and efficient costs of providing our services	✗
● No changes proposed      — Minor changes proposed      ✓ Material changes proposed			

# IPART Draft Decision



- The Draft Determination generally **represents a well-balanced approach** to the regulation of our Pipeline charges. In this presentation we provide specific comments on a small number of issues or concerns that we have identified.
- IPART proposes a **four-year determination period** (which becomes 3.5 years due to the six-month delay to the timeline)
- The revenue requirement is **\$15.8 million (16.1%) lower** than proposed by WaterNSW over the four years. Almost **90% of the reduction is due to a lower WACC** and the corresponding impact on the tax allowance.
- Almost all of the remaining reduction (-\$1.5 million) to the revenue requirement over the four-years arises from IPART's **proposed reductions in forecast energy costs**. Energy costs therefore form a major focus of our response.
- The above reductions **lower the usage price by 3.0%** (before inflation) for Essential Water and offtake customers in the first year of the 2022 determination period and **lower the access price by 21.3%** (before inflation) for Essential Water and offtake customers by 16.7% (before inflation).

# Recommendations [1]



- WaterNSW maintains support for a **five-year determination period** rather than IPART's four-year determination period (or 3.5 years due to IPART's deferral).
- We recommend **several changes to IPART's proposed energy cost allowance** covering the volume, profile and price of energy.
- We recommend that **no top-down continuing efficiency adjustment should apply**. The pipeline's costs are largely market tested and the ongoing economic effects of the pandemic suggest that a productivity adjustment of 0.7% p.a. should not be applied over the next regulatory period.
- We acknowledge IPART's in-principal acceptance of our **proposed energy true-up mechanism** to manage uncertain and uncontrollable cost items. We propose additional elements that meet IPART's criteria for a cost pass-through and are potentially both volatile and substantial.
  - The presence of the true-up should not stop IPART updating the energy cost allowance as part of final report to reflect recent market movements.

# Recommendations [2]



- There should be no windfall gains or losses arising from any **revenue adjustment for the six-month timeline delay**. This requires material cost changes to also be addressed in the Final Determination. The increase in the cost of energy is the only addition to IPART's nominated adjustments.
- Adjustments are required to the allowed revenues for the Final Determination before the draft report findings 'pass' the **IPART financeability test**.
- IPART should **apply its framework for risk management** from the Framework Review (and in particular access to the partial reopener that largely reflects our proposal) in the Final Determination. Adoption of this element of the new framework should address IPART's concerns around revenue risk should a new mine open.
- IPART's **allowance for regulatory submission preparation costs is insufficient** as it does not reflect the 'fixed cost' effort required to prepare a proposal (e.g. the energy cost forecast), regardless of the size of the business.

# Length of Determination Period



- WaterNSW proposed a **five-year determination period** to balance the uncertainty of forecasts and the regulatory burden of determinations. This is consistent with IPART's Framework Review where the intention is for longer periods that include appropriate risk management mechanisms.
- In its Draft Decision, IPART have set a four-year determination period due to the certainty around the effects of the operation of a potential new mine in Broken Hill.
- On the basis that IPART accepts our:
  - Proposed energy true-up mechanism, and
  - Feedback on the application of IPART's proposed cost pass through framework, then

WaterNSW submits that there is sufficient risk management in the framework to justify a five-year determination period for the pipeline.

# Energy costs



# Energy costs components



- Movements in the energy cost allowance since mid 2021 are shown below

## Wholesale energy costs

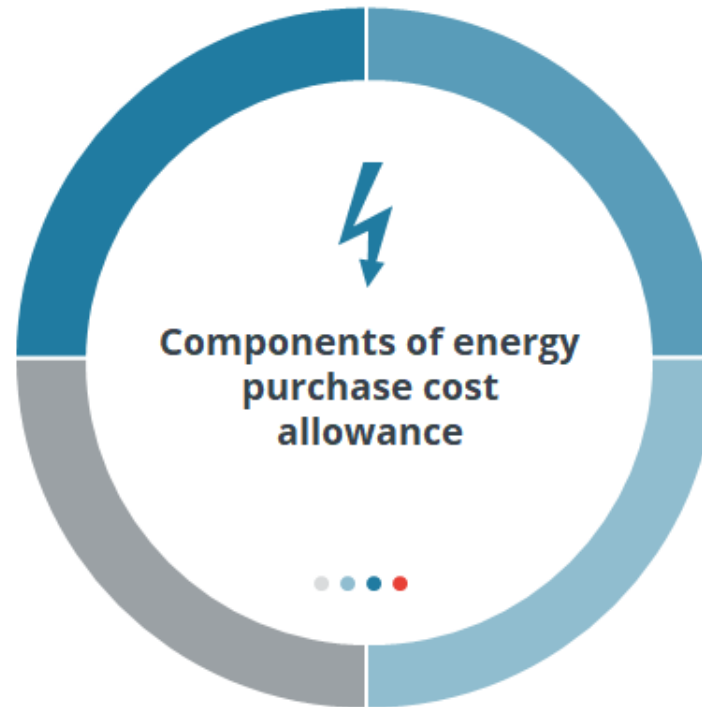
- Cost of purchasing wholesale electricity

Material changes since WNSW submission

## Other energy components

- Cost of any losses
- Market fees
- Ancillary services
- Retail costs & margin

Minor changes since WNSW submission



## Renewable energy costs

- Cost of complying with LRET and SRES
- Cost of complying NSW ESS

Moderate changes since WNSW submission

## Network + metering

- AER published network tariffs
- Metering charges (not included in Submission)

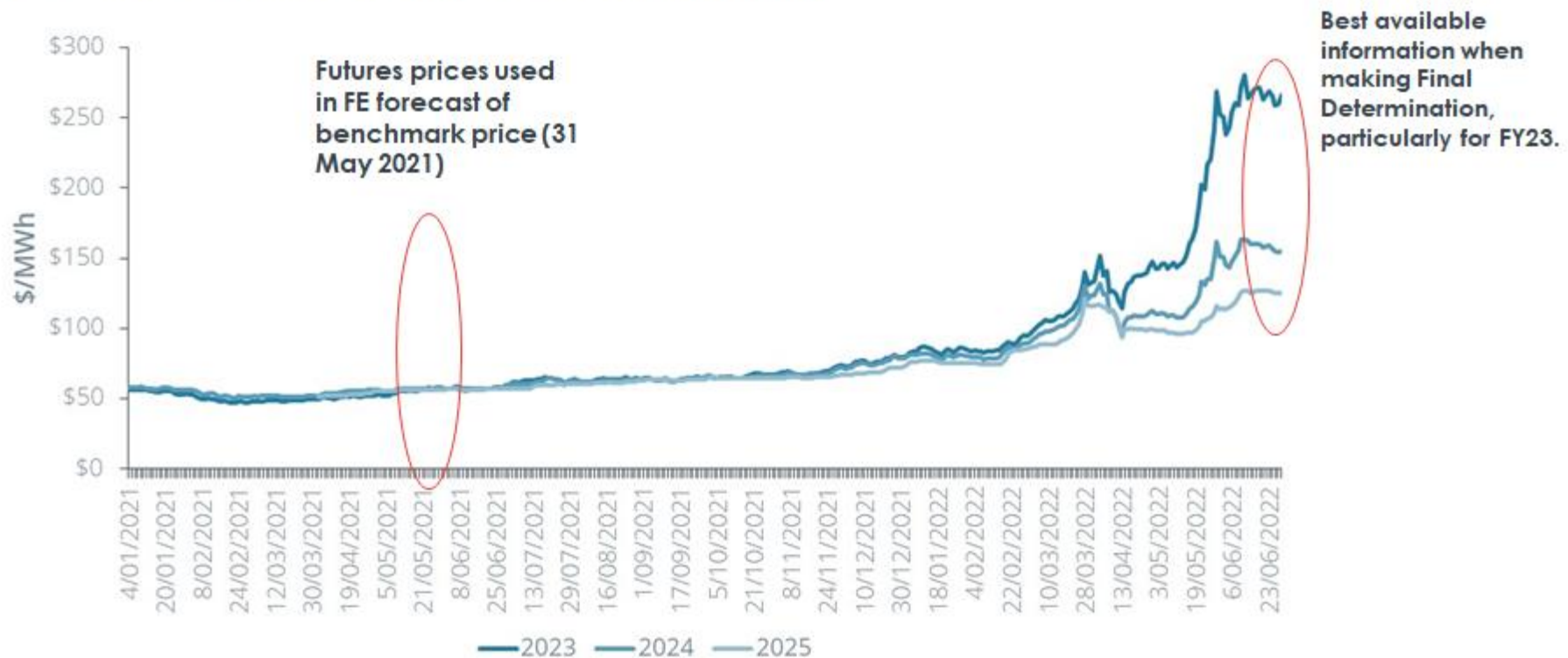
Moderate changes since WNSW submission



# Energy costs

- The **wholesale cost of electricity (WCE)** has risen 470% since our proposal. In Q2 2022 prices rose to all-time highs with multiple AEMO market interventions.

Futures contract prices have increased materially...



# Energy costs



We recommend some changes to IPART's proposed energy cost allowance. Specifically:

- IPART should update the **wholesale cost of electricity (WCE)** to reflect current market conditions (i.e. to the end of June 2022).
  - The WCE needs to be updated to ensure transportation charges reflect an up-to-date assessment of future benchmark costs of electricity. This is consistent with previous IPART practice.
  - Updating the wholesale cost should not be obviated by the introduction of an electricity cost true-up.
- IPART should accept their external expert's advice regarding the **fixed energy forecast** which aligned to our expert's advice.
- IPART should adjust their **stylised pumping profile** for the variable energy cost and the maximum demand costs to reflect our operating requirement.

# Energy Costs Update



- Our originally proposed energy costs and our updated energy costs are presented below. Assumes a four-year determination period for comparison purposes.

**Pricing Proposal – based on May 2021 data  
(000s, \$2021-22)**

\$'000	2022-23	2023-24	2024-25	2025-26	Total
Wholesale	612	624	622	621	<b>2,479</b>
Renewable	203	181	178	175	<b>737</b>
Market fees and ancillary services	12	12	12	12	<b>50</b>
Network Charges	644	643	641	639	<b>2,567</b>
Retail operating costs and margin	91	91	90	90	<b>362</b>
<b>Total electricity costs</b>	<b>1,563</b>	<b>1,551</b>	<b>1,544</b>	<b>1,537</b>	<b>6,194</b>

While other parameters have changed in % terms, **wholesale cost increases** are the largest driver of changes in the cost of energy

**Updated estimate - based on June 2022 data  
(000s, \$2021-22)**

	2022-23	2023-24	2024-25	2025-26	Total	Chg (\$)	Chg (%)
Wholesale	2,415	1,456	1,143	1,124	<b>6,138</b>	<b>3,659</b>	<b>148%</b>
Renewable	272	238	220	204	<b>934</b>	197	27%
Market fees and ancillary services	17	17	17	17	<b>68</b>	18	37%
Network Charges	630	628	627	624	<b>2,509</b>	-58	-2%
Retail operating costs and margin	184	124	104	102	<b>514</b>	152	42%
<b>Total updated electricity costs</b>	<b>3,518</b>	<b>2,463</b>	<b>2,111</b>	<b>2,071</b>	<b>10,163</b>	<b>3,969</b>	<b>64%</b>

# Managing risk



# Energy true-up mechanism



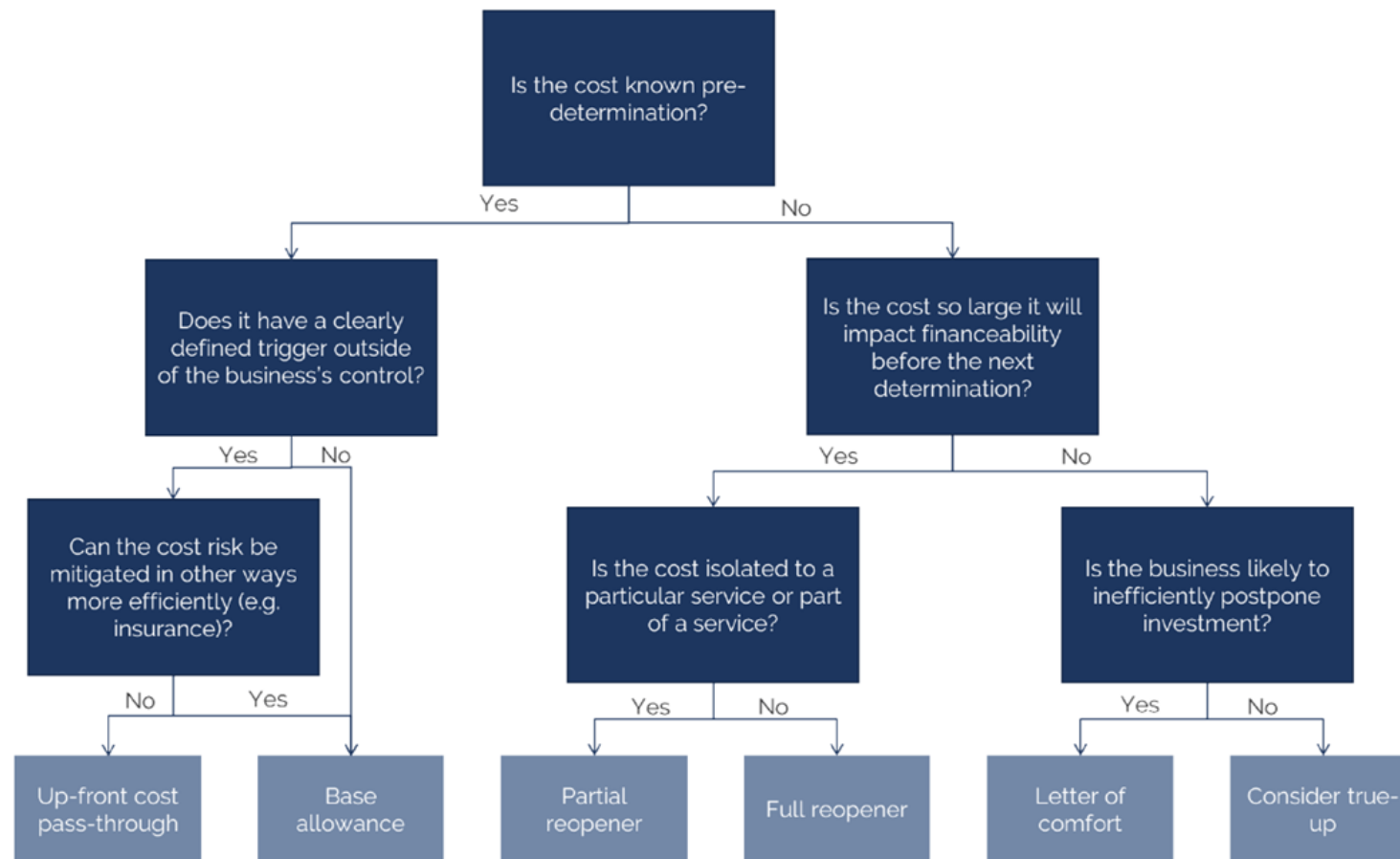
- In its Draft Determination, IPART stated that it would consider at the next review:
  - **Whether an adjustment to the revenue requirement and prices is required** to address any over or under-recovery of revenue over the 2022 Determination period due to changes in energy costs as a result of changes in wholesale and network components of energy prices; and
  - **Whether and how best to make a revenue adjustment** based on the circumstances at the time.
- We welcome IPART's recognition of the merit of introducing an end-of-period true-up to manage these movements in the cost of energy.
- The events over the past few months in the energy market highlight the need for additional features to be included in the true-up assessment – these include the potential value of **Reliability and Emergency Reserve Trader (RERT)** charges and **generation compensation charges** – that are levied on market participants and outside of our control and the impacts can be substantial.
- We seek **greater clarity** on whether or how IPART intends to apply the true-up as a means of managing electricity cost risk in subsequent regulatory periods. This will provide efficient cost signals to WaterNSW and its customers.

# Cost Pass Through Framework



- WaterNSW proposed a targeted cost pass through framework to address the risk of defined exogenous events occurring during a determination period that may change the efficient costs of providing water services (i.e. such that efficient costs differ from those assumed by IPART in setting prices in a determination).
- In its Draft Decision, IPART does not accept WaterNSW proposed cost pass through mechanism.
- This decision is inconsistent with the IPART Economic Framework Review where IPART endorsed the need for a cost pass-through framework for water agency pricing under certain conditions including where **a clearly defined trigger outside of a utility's control creates costs which can't be managed**, which we support.
- We request that IPART include the cost pass-through elements from the Economic Framework Review for the 2022 Broken Hill Pipeline Determination (IPART flow chart is shown on the next slide) to provide more appropriate tools to manage risk and to support longer regulatory periods.

# Cost Pass Through Framework



# Impact of six-month delay and financeability





# IPART 6-month delay



- WaterNSW supports IPART's intent to ensure there are no windfall gains or losses in the Final Determination arising from any revenue adjustment arising from IPART's six-month delay.
- In principle, we agree with IPART's Draft Decision to consider adjustments for WACC, foregone inflation and an adjustment should WaterNSW over- (or under-) recover its revenue requirement over the six-month delay period from 1 July 2022 to 31 December 2022.
- In addition to IPART's nominated adjustments, we propose that any material cost changes need to be included in the Final Determination that would otherwise have been included in the revenue requirement had the new determination taken effect on time on 1 July 2022.
- The **material increase in the cost of energy** is the only additional proposed adjustment for this review. The benchmark cost of electricity has increased significantly over the deferral period and – we contend – would have been included in the Final Determination had it taken effect on 1 July 2022.

# Financeability concerns



- IPART did not identify any material financeability concern for WaterNSW even though one limb of the test was not satisfied.
- FFO / Net Debt is a measurement of a business's ability to generate cash flows to repay the principal of the debt.
- We agree that the cause of the failure of the financeability test is a WACC that is too low or an insufficient depreciation allowance (or a combination of these factors).
- We suggest that IPART adjust these factors in its Final Determination revenue allowances until all limbs of the financeability assessment are satisfied.

Table 8.8 Draft Report financeability test results

	Target ratios	2022-23	2023-24	2024-25	2025-26
<b>Real Interest Coverage Ratio (RICR)</b>					
Benchmark test	>2.2x	3.6x	3.6x	3.7x	3.7x
Does it meet the target?		✓	✓	✓	✓
<b>Real FFO / Net Debt</b>					
Benchmark test	>7.0%	4.7%	4.7%	4.9%	4.9%
Does it meet the target?		✗	✗	✗	✗
<b>Net Debt / RAB</b>					
Benchmark test	<70%	60%	60%	60%	60%
Does it meet the target?		✓	✓	✓	✓

Source: IPART analysis

- IPART suggests that a higher WACC between the Draft and Final Report may improve the results, but a lower WACC would make the financeability outcomes even worse.
- As a minimum the WACC for the Final Report, should use more current data (i.e. 31 March 2022) and RBA's one-year forecast from the February 2022 SMP to ensure financeability outcomes are not worsened.

# Questions?



 Call us on **1300 662 077**

 Visit us at **[waterNSW.com.au](http://waterNSW.com.au)**

## Reference slides

# Pipeline schematic



- The Pipeline runs along the Silver City Highway and transports bulk water from the River Murray in Wentworth to Essential Water in Broken Hill. This represents a distance of **270 kilometres** and an elevation of approximately 280 metres.



- The Pipeline transfers water from the River Murray to a Bulk Water Storage owned and operated by WaterNSW.
- This Bulk Water Storage has capacity of **830 megalitres** ("MLs"), capable of meeting Broken Hill's demand for 22 days.

# Background to our proposal



- On 21 November 2016 WaterNSW was directed by the NSW Government to build the Wentworth to Broken Hill Pipeline under section 20P of the State Owned Corporations Act.
- On 19 April 2018, the Minister for Regional Water, with approval of the Premier, made the Direction to the Independent Pricing and Regulatory Tribunal in relation to the construction and operation of the Broken Hill pipeline 2018.
- This directed IPART, when making determinations of pricing for the Services, to include an amount or factor in its methodology representing the cost of complying with the Pipeline Direction.
- The pipeline was fully operational in April 2019 and has been critical in ensuring a safe and secure water supply to the Broken Hill community, which is one of the hottest and driest regions in the country.
- IPART first determined the maximum prices that WaterNSW could charge for the water transportation services provided by the pipeline in 2019 for a three-year period commencing 1 July 2019 to 30 June 2022 (the "2019 Determination").

# Who we are

WaterNSW is a State-Owned Corporation and operates under an Operating Licence issued and monitored by IPART.

- We operate the state's rivers and water supply systems under rules set out by regulators.
- With more than 40 dams across the state, we supply 2/3 of water used in NSW to regional towns, irrigators, Sydney Water Corporation and local water utilities.
- We also own and operate the largest surface and groundwater monitoring network in the southern hemisphere and build, maintain and operate essential infrastructure such as the Wentworth to Broken Hill Pipeline which supplies raw water to Essential Water and a small number of offtake customers situated along the pipeline.



## Q & A session





Public hearing



Closing remarks

# Next steps



## Contact us

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### **Visit our website**

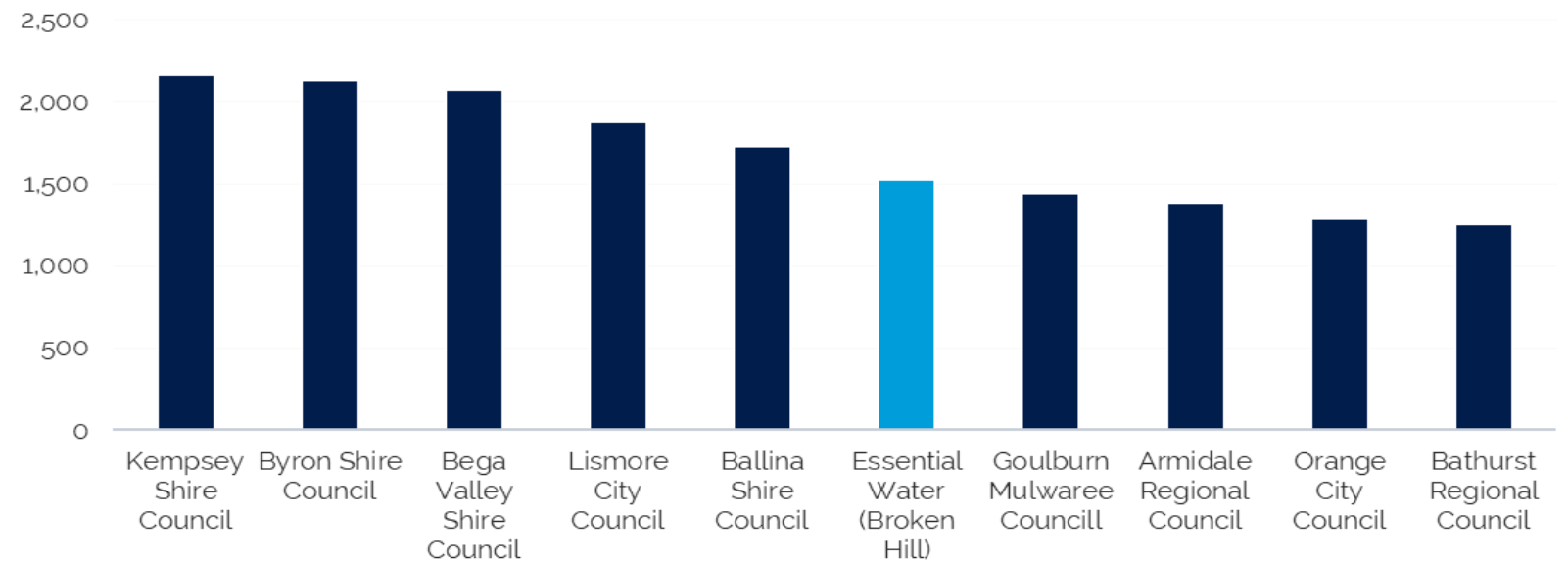
[Prices for Essential Water's services in Broken Hill from 1 January 2023](#)

[Prices for WaterNSW's Murray to Broken Hill Pipeline services from 1 January 2023](#)



Additional slides

Typical residential  
customer bills for  
comparable water  
utilities (with  
inflation)



# Comparison of Essential Water's operating costs under our draft decisions against other utilities

