

IPART Public Forum

Water Regulatory Framework Review

16 August 2022



Built to build resilience

*Sydney's main source of
rainfall independent
drinking water*

Our role is changing

Historical

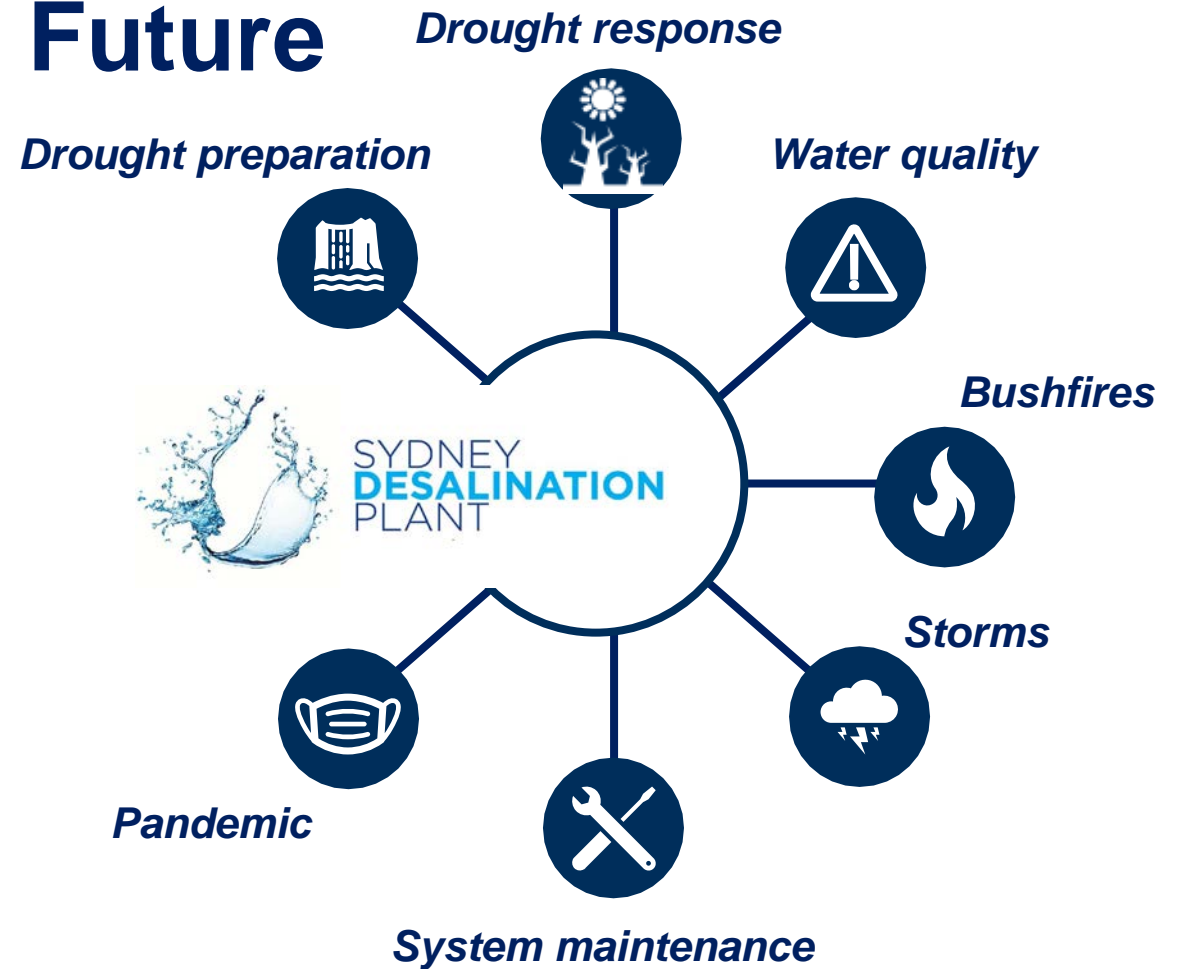


Drought



Water quality

Future



Foundations of the new framework



Customer focus

*... is emerging across industry
and regulatory frameworks*



NewReg



Our investors are committed to ESG



Responsible Investment

“... a vision for UTA to deliver industry leading environmental, social and economic outcomes, and to be recognised as a global leader in responsible infrastructure investment.”

95% portfolio score on GRESB

“We invest to shape a better future...”

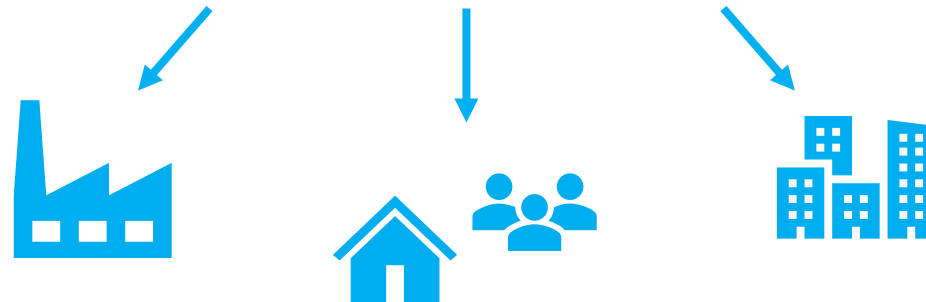
We want to help create a better future for the people, places and communities we touch ... we believe performance and purpose go hand in hand.”

SDP's position in the supply system

...one step removed from customers, but their interests are our focus



**SDP Operating
Licence**



How can SDP deliver for customers?

Adapt flexibly and continuously improve



Engage constructively



*Understand **customer** needs and preferences through Sydney Water's engagement*



*Reliable services at efficient **cost***

*Deliver **credibly** on what we commit to doing*

Specific responses on the framework

- Consider *reducing the range of ex-ante financial incentives* associated with grading of proposals for the first round of reviews. 2.5% to -1% is a large range and risks driving cautious rather than ambitious proposals.
- Ex-post incentives are valuable drivers of continuous improvement. They should also *consider changes in operating environment within period* (increases/decreases in service or costs driven by exogenous factors)
- In SDP's case, we have an ODI – the abatement mechanism that we will be proposing be converted to *a Service Level Incentive Scheme (SLIS)* that is capped and better reflects our flexible full-time operation.
- Additional capex is small and costs of administering a CESS may outweigh the benefits.

A photograph of an industrial facility, possibly a water treatment plant, with a strong blue color cast. The scene shows a long, straight walkway with a metal grating floor, flanked by railings and large pipes. The background features complex industrial structures and equipment.

Thank you!