



Water NSW

Prices for water transportation services provided by the Murray River to
Broken Hill Pipeline from 1 July 2019

Draft Determination

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Preliminary

1 Application of this determination

1.1 This determination sets maximum prices for the Pipeline Service

Under sections 11 and 13A of the IPART Act, this determination fixes the maximum prices that Water NSW may charge for the Pipeline Service.

1.2 Exclusions from this determination

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

[Note: IPART has deferred the determination of the pricing of the Suspension Services.]

1.3 Term of this determination

- (a) This determination commences on 1 July 2019, or the date that it is published in the NSW Government Gazette, whichever is later (**Commencement Date**).
- (b) The maximum prices under this determination apply from the Commencement Date to 30 June 2022. The maximum prices under this determination prevailing at 30 June 2022 continue to apply beyond 30 June 2022 until this determination is replaced.

2 Pricing Schedules

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

3 Legislative Background

3.1 IPART may determine 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 maximum prices for government monopoly services supplied by a government agency specified in Schedule 1 to the IPART Act.

3.2 The Pipeline Service is a government monopoly service

The Pipeline Service is a government monopoly service because it falls within the scope of the *Independent Pricing and Regulatory Tribunal (Water Services) Order 2004 (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.]

3.3 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.

Schedule 1 Maximum Prices for Essential Energy

1 Application

- (a) This Schedule sets out the maximum price that Water NSW may charge for supplying the Pipeline Service to Essential Energy.
- (b) The maximum price that Water NSW may charge is the sum of the following:
- (1) the applicable access charge under clause 2; and
 - (2) the applicable usage charge calculated under clause 3.

2 Access charge

The access charge for the applicable Period is specified in Table 1.1.

Table 1.1 Access charge

1 July 2019 to 30 June 2020 (\$/day)	1 July 2020 to 30 June 2021 (\$/day)	1 July 2021 to 30 June 2022 (\$/day)
76,440.57	$76,650.00 \times \text{CPI}_1$	$76,650.00 \times \text{CPI}_2$

3 Usage charge

The usage charge is to be calculated by multiplying the Usage Rate for the applicable Period in Table 1.2 by the number of megalitres of water measured by the Meter for that Period.

Table 1.2 Usage Rate

1 July 2019 to 30 June 2020 (\$/ML)	1 July 2020 to 30 June 2021 (\$/ML)	1 July 2021 to 30 June 2022 (\$/ML)
198.09	$203.80 \times \text{CPI}_1$	$198.35 \times \text{CPI}_2$

Schedule 2 Maximum Prices for Non-EE Customers

1 Application

- (a) This Schedule sets out the maximum price that Water NSW may charge for supplying the Pipeline Service to Non-EE Customers.
- (b) The maximum price that Water NSW may charge is the sum of the following:
 - (1) the applicable access charge under clause 2; and
 - (2) the applicable usage charge calculated under clause 3.

2 Access charge

The access charge for the applicable Period is specified in Table 2.1.

Table 2.1 Access charge

1 July 2019 to 30 June 2020 (\$/day)	1 July 2020 to 30 June 2021 (\$/day)	1 July 2021 to 30 June 2022 (\$/day)
20.80	$20.86 \times \text{CPI}_1$	$20.86 \times \text{CPI}_2$

3 Usage charge

The usage charge is to be calculated by multiplying the Usage Rate for the applicable Period in Table 2.2 by the number of megalitres of water measured by the Meter for that Period.

Table 2.2 Usage Rate

1 July 2019 to 30 June 2020 (\$/ML)	1 July 2020 to 30 June 2021 (\$/ML)	1 July 2021 to 30 June 2022 (\$/ML)
198.09	$203.80 \times \text{CPI}_1$	$198.35 \times \text{CPI}_2$

Schedule 3 Definitions and Interpretation

1 Definitions

1.1 General definitions

In this determination:

Commencement Date is defined in clause 1.3(a) of the Preliminary section of this determination.

Essential Energy means the corporation established under the *Energy Services Corporations Act 1995* (NSW).

IPART means the Independent Pricing and Regulatory Tribunal of New South Wales established under the IPART Act.

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

Meter means:

- (a) in relation to Essential Energy, the meter located at or about the Broken Hill delivery point outside Water NSW's bulk water storage facility; and
- (b) in relation to Non-EE Customers, the meter at the point at which Water NSW's water infrastructure connects to the Non-EE Customer's water infrastructure.

Minister means the Minister responsible for administering the IPART Act.

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 Schedule 2 of this determination for the Pipeline Service; and
- (b) which is entered into after the Commencement Date.

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

Order means the *Independent Pricing and Regulatory Tribunal (Water Services) Order 2004*.

Period means:

- (a) 1 July 2019 to 30 June 2020;
- (b) 1 July 2020 to 30 June 2021; or
- (c) 1 July 2021 to 30 June 2022.

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.

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.

Usage Rate means:

- (a) in relation to Essential Energy, the rate specified in Table 1.2; and
- (b) in relation to Non-EE Customers, the rate specified in Table 2.2.

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

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

1.2 Consumer Price Index

- (a) 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.

(b)

$$CPI_1 = \left(\frac{CPI_{\text{March2020}}}{CPI_{\text{March2019}}} \right)$$

$$CPI_2 = \left(\frac{CPI_{\text{March2021}}}{CPI_{\text{March2019}}} \right)$$

- (c) The subtext (for example _{March2019}) when used in relation to the CPI in paragraph 1.2(b) above refers to the CPI for the quarter and year indicated (in the example, the March quarter for 2019).

2 Interpretation

2.1 General provisions

In this determination:

- (a) headings are for convenience only and do not affect the interpretation of this determination;
- (b) a reference to a schedule, clause or table is a reference to a schedule to, clause of or table in, this determination unless otherwise indicated;
- (c) a construction that would promote the 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;
- (d) words importing the singular include the plural and vice versa;
- (e) 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;
- (f) where a word is defined, other grammatical forms of that word have a corresponding meaning;
- (g) a reference to a day is to a calendar day;
- (h) 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;
- (i) 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
- (j) a reference to a body, whether statutory or not:
 - (1) which ceases to exist; or
 - (2) 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.

2.2 Explanatory notes, simplified outlines, examples and clarification notices

- (a) Explanatory notes and examples do not form part of this determination, but in the case of uncertainty may be relied on for interpretation purposes.
- (b) IPART may publish a clarification notice in the NSW Government Gazette to correct any manifest error in this determination. Such a clarification notice is taken to form part of this determination.

2.3 Maximum prices exclusive of GST

Maximum prices set out in this determination do not include GST.

For the avoidance of doubt, where GST is lawfully applied to maximum prices set out in this determination, the resulting GST inclusive price is consistent with this determination.

2.4 Rounding Rule

- (a) Any maximum price calculated in accordance with this determination is to be rounded to the nearest whole cent.
- (b) For the purposes of rounding a maximum price under clause 2.4(a), 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.
- (c) The CPI multipliers calculated under clause 1.2 are to be rounded to three decimal places before adjusting a maximum price for inflation.
- (d) For the purposes of rounding the CPI multipliers under clause 2.4(c), 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.