

Macquarie valley – Draft Report

WaterNSW rural bulk water services



14 March 2017



What is this fact sheet about?

We have released a Draft Report and Draft Determination on our review of the maximum prices that WaterNSW can charge for its rural bulk water services from 1 July 2017, for a period of four years. This fact sheet highlights key draft decisions made as part of our review that affect the **Macquarie valley**.

This information is not exhaustive. Further information is available in our General Overview Fact Sheet and our Draft Report.



Bills in Macquarie valley would decrease under draft prices

Bill impacts for a 'typical' customer in the Macquarie valley under our Draft Determination are presented in Table 1.

Table 1 Indicative bill impact of draft bulk water charges for Macquarie valley for 2017 Determination (\$ nominal – ie, with inflation)

	↕	Current charge (2016-17)	IPART Draft Decision (2017-18)	IPART Draft Decision (2020-21)	% Change (2016-17 to 2020-21)
High security - small		\$3,314	\$2,421	\$2,607	
High security - medium	↓	\$16,572	\$21,103	\$13,034	-21.3%
High security - large		\$33,144	\$24,207	\$26,068	
General security - small		\$1,380	\$1,074	\$1,163	
General security - medium	↓	\$6,902	\$5,370	\$5,813	-15.8%
General security - large		\$13,804	\$10,740	\$11,625	

Source: WaterNSW pricing proposal June 2016, ACCC Final Report June 2014 and IPART calculations.

- ▼ Under our Draft Determination, bills would decrease (in nominal terms – ie, with inflation) for all customers in the Macquarie valley.
 - ▽ This is largely due to a reduction in the customer share of WaterNSW's total costs (by about 18.2%), primarily due to efficiency gains in operating expenditure.
- ▼ Our draft prices also result in larger reductions in bills for all customers than those proposed by WaterNSW.
 - ▽ This is due to the inclusion of a lower volatility allowance in prices than those proposed by WaterNSW.



Prices would decrease in Macquarie valley

Table 2 Draft bulk water charges for Macquarie valley for 2017 Determination - \$/ML of entitlement and usage (\$2016-17 – ie, without inflation)

	↓↑	Current charge (2016-17)	IPART Draft Decision (2017-18)	IPART Draft Decision (2020-21)	% Change (2016-17 to 2020-21)
High security charge	↓	16.17	11.75	11.75	-27.4%
General security charge	↓	3.62	3.34	3.39	-6.3%
Usage charge	↓	16.97	11.98	11.98	-29.4%

Source: ACCC Final Report June 2014 and IPART calculations.

- ▼ Compared to current charges, all entitlement and usage charges in the Macquarie valley would decrease under our Draft Determination.
 - ▽ As mentioned above, the reduction in operating expenditure is a key driver for the reduction in charges.
- ▼ Our draft charges, for both entitlement and usage charges, would also be lower than those proposed by WaterNSW. This is, in part, a result of our decision to include a lower volatility allowance in prices. We have included a volatility allowance of \$0.16 per ML per year, whilst WaterNSW had proposed \$0.98 per ML per year volatility allowance.