

Lowbidgee 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 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 **Lowbidgee valley**.

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



Bills in Lowbidgee valley would increase under draft prices

Bill impacts for a 'typical' customer in the Lowbidgee valley under our Draft Determination are presented in Table 1. In the Lowbidgee valley, customers only own supplementary entitlements, so bill impacts are presented based on the valley as a whole.

Table 1 Indicative bill impact of draft bulk water charges for Lowbidgee 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)
All customers	↑	\$625,574	\$609,196	\$656,037	4.7%

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

- ▼ Under our Draft Determination, bills would increase (in nominal terms, ie with inflation) for customers in the Lowbidgee valley.
 - ▽ This increase is below the rate of inflation and is a result of our decisions on efficient costs over to 2020-21. The introduction of a variable component to the pricing structure would provide an incentive for WaterNSW to investigate and address metering issues identified by Lowbidgee entitlement holders in their submissions to our Issues Paper.
- ▼ Our draft prices would also result in a smaller increase in customer bills than those proposed by WaterNSW (which would result in an 11% increase).



Usage charges in Lowbidgee valley would increase

Table 2 Draft bulk water charges for Lowbidgee 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)
General security charge	↓	0.84	0.64	0.64	-23.6%
Usage charge	↑	0.00	2.09	2.09	Not applicable

Source: ACCC Final Report June 2014 and IPART calculations.

- ▼ Compared to current charges, usage charges in the Lowbidgee valley would increase under our Draft Determination, whilst entitlement charges would decrease (in real terms).
 - ▽ This is also due to our decision to change the tariff structure from 100% fixed charges to 80:20 fixed:usage. This shifts costs from entitlement customers to usage customers resulting in a lower entitlement charge, and a higher usage charge.