

Incitec would like to submit our comments on Halcrow's report regarding the review of Hunter Water Corporation (HWC)'s System Performance Standards and Customer Service Indicators. Incitec put forth a submission on HWC's Operating Licence in September and we were unfortunately unable to attend the workshop in November although we had requested involvement via phone conference.

However, our comments were forwarded to yourself via email.

(1) One of Incitec's arguments was that the system performance standards should be for the benefit of all customers of HWC. Our belief was that they do not currently protect industrial consumers like ourselves. Incitec Kooragang Island is an industrial potable water user and is clearly not equivalent to a domestic consumer. The financial impact that we would bear from interruptions would be far greater in comparison to domestic users. Incitec's suggestion that the number of properties in the system performance standard should be weighted by the consumption of the users affected was rejected by Halcrow as being impractical as this "would lead to the utility having to ensure zero risk of interruptions to large users to avoid a breach of its licence" (page 39).

(2) In place of our first suggestion, we would like our other suggestion to be considered, which is to set different system performance standards for different classes of consumers. This can be achieved by published and transparent standards or through individually negotiated contracts. This second suggestion receives support from Halcrow (page 39), "The customer contract, possibly a business customer contract, might set out the basis for realistic negotiation for individual terms and conditions of supply."

(3) Following on from the above statement, this right to negotiate individual terms and conditions of supply should be expressly stated in HWC's "Customer Contract". Although supported, this has not been made clear in Halcrow's report.

Please refer to the following comments in BLUE from our earlier submission on the HWC Operating Licence.

System performance standards

- a) To classify customers in groups based on their annual consumption and set percentage standards to reflect on their potential impact;
- b) To establish a new standard to limit the number of re-occurring disruptions per property; and
- c) To establish shorter-term (eg. 1-5 years) indicators, work plans and progress reports on security of water during drought (and other circumstances), which are available for customers to comment and scrutinise.

Customer and consumer rights

- d) To allow customised service agreements (especially for industrial customers);

- e) To allow customers to reserve the right to negotiate planned water interruptions or restrictions (especially for industrial customers);
- f) To assess damages on property individually, and then determine the rebate amount which could be capped at a certain amount (especially for industrial customers);
- g) To measure and set standards on the time taken to respond and repair damages;
- h) To set standards based on HWC's product and service performance using customer feedback and rating annually; and
- i) To adopt a more formal consultative approach and extend the invitation to a wider selection of parties, using Sydney Water's Customer Council model as a benchmark.

Thank you for the opportunity to contribute our views on this important issue and we look forward to seeing the new licence.

Kind Regards,
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