

## Media release

Monday, 27 March 2017

### Supplementary Draft Report – Wholesale water and sewerage prices

The Independent Pricing and Regulatory Tribunal (IPART) has released a supplementary draft report and draft determinations of prices for wholesale water and sewerage services provided by Sydney Water and Hunter Water over the next four years.

Wholesale customers are typically new, smaller water utilities licensed under the Water Industry Competition Act 2006 (NSW) to service households and businesses in a specific development area.<sup>1</sup> They purchase wholesale water and sewerage services from Sydney Water or Hunter Water to supply drinking water, recycled water and/or sewerage services to their own customers.

IPART Chair Dr Peter Boxall said the supplementary draft report provides a further opportunity for stakeholder feedback on the review, which is setting wholesale water and sewerage prices for the first time as competition emerges in the water sector in NSW.

“The draft decisions are aimed at encouraging competition in the supply of water and sewerage services, to enhance innovation and efficiency for the benefit of end-use water and sewerage customers,” Dr Boxall said.

“The approach we have adopted allows for efficient entry of new suppliers, while ensuring that Sydney Water and Hunter Water continue to have sufficient revenue to service their customers.”

The supplementary draft report reaffirms the proposed regulatory framework outlined by IPART last year. The system-wide prices set by IPART would apply to new wholesale arrangements only, while the option to seek a scheme-specific price review from IPART or enter an unregulated pricing agreement would be available to both new and existing wholesale arrangements.

The supplementary draft report responds to stakeholder feedback. Key differences between the draft and supplementary draft report include changes to the amounts subtracted from the retail prices in the system-wide determinations, and the application of ‘retail-minus’ pricing to all schemes on-selling sewerage services – including those with a recycled water plant.

IPART is seeking comments from stakeholders on the supplementary draft report and draft determinations. Submissions are due by 1 May 2017 and will be considered before the Final Report and Final Determinations are released in June 2017. Prices would apply from 1 July 2017.

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<sup>1</sup> Retail prices for the period 1 July 2016 to 30 June 2020 have been set by IPART through separate reviews.