

## Media release

Tuesday, 27 June 2017

### **SYDNEY DESALINATION PLANT FINAL REPORT, DETERMINATION AND METHODOLOGY PAPER**

The Independent Pricing and Regulatory Tribunal (IPART) today released its final decisions on the prices that Sydney Water's customers would pay for the Sydney Desalination Plant (SDP) from 1 July 2017. Prices have been set for five years.

IPART sets the maximum prices that SDP may charge when the desalination plant is in shutdown and operation modes, which are passed through to end use customers by Sydney Water.

Our prices reduce SDP's costs in a typical Sydney Water customer's bill by 12% during plant shutdown, and by 3% should the plant operate. The savings are close to \$10 per customer each year when the plant is shutdown.

IPART Chair Dr Peter Boxall said the savings result from a combination of a lower return on capital and lower operating costs. These have been offset by an increase in energy costs when SDP is operating.

"SDP exists to provide a secure water supply to Sydney if dam levels drop during drought, and our objective has been to ensure that it can fulfil this purpose at the lowest cost to customers," Dr Boxall said.

"Accordingly, when the plant is shutdown, customers will pay for essential maintenance activities only. We have also included only the efficient costs necessary to ensure that the plant can respond effectively to drought, if required to do so over the next five years."

Dr Boxall said the Determination strengthens incentives to ensure SDP supplies water when required to do so.

"We have strengthened the financial incentives for SDP to be ready to meet Sydney's water demands in the event of a drought or an emergency. Our Determination ensures the service charge payable by SDP's customers would be reduced to the extent SDP is unable to supply water to its maximum level in drought or to agreed levels if required to respond in an emergency," Dr Boxall said.

"This would apply from 13 December 2018, when the plant is expected to be reinstated and operable following the December 2015 storm event."

IPART has also released today a separate report on its methodology for calculating the energy and efficiency adjustment mechanisms that apply to SDP's prices. Copies of the reports for SDP are available on IPART's website <<http://www.ipart.nsw.gov.au>>.

**Media Contact: Julie Sheather** ☎ 02 9290 8403 ☎ 0409 514 643

More information is available at [ipart.nsw.gov.au](http://www.ipart.nsw.gov.au)