

REVIEW OF PRICES FOR ESSENTIAL ENERGY'S WATER AND SEWERAGE OPERATIONS IN BROKEN HILL

10am, 18 June 2013

The Independent Pricing and Regulatory Tribunal (IPART) is starting its review of prices to be charged for water and sewerage services by Essential Energy in Broken Hill from 1 July 2014.

Releasing an Issues Paper for public comment today, IPART Chairman Peter Boxall said the review will look at what future prices need to be to recover the efficient costs of supplying water and sewerage services to Broken Hill.

"We will be looking at the efficiency and prudence of Essential Energy's past and projected expenditure, forecast water sales, and the appropriate return on capital invested, as well as the impact of any future price rises on customers," Dr Boxall said.

"Stakeholders have the opportunity to comment on Essential Energy's performance over the four years to June 2014, and to consider and provide comment on its proposals for the upcoming determination period.

"We hope stakeholder organisations and members of the public will take this opportunity to share their views so that we can consider these when making our decisions."

Essential Energy is expected to provide detail of its proposed prices and expenditure on 13 September 2013. Submissions on the Issues Paper and responses to Essential Energy's proposals will be accepted until 11 October 2013.

Dr Boxall said key issues for the review will be setting water and sewerage prices for Broken Hill's mines and whether a NSW Government subsidy will be renewed.

"At the time of the last determination in 2010, the charges payable by the mines were subject to a separate agreement," he said. "That agreement has now expired, so for the first time we'll be setting prices the local mines will need to pay for water and sewerage services."

Dr Boxall said the current NSW Government subsidy to Essential Energy is due to expire on 30 June 2013. "From 1 July 2014, we propose to set prices to reflect Essential Energy's efficient costs. If there is a further subsidy from the NSW Government, then prices may be lower." Dr Boxall noted that prices will remain unchanged for 2 years, from 1 July 2012 to 30 June 2014.

There will be a public hearing in Broken Hill in November 2013, prior to the release of draft prices for public comment in March 2014.

The Issues Paper is available on IPART's website <<http://www.ipart.nsw.gov.au>> or by calling Emma Smith on 9290 8472.

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