

IPART SEEKS FEEDBACK ON PROPOSED BROKEN HILL WATER PRICES

10am, Monday 10 March 2014

The Independent Pricing and Regulatory Tribunal (IPART) has released draft Broken Hill water and sewerage prices for public comment. Under the draft prices, customer bills for households and smaller businesses will increase largely in line with inflation for the majority of users in Broken Hill, with prices and bills to fall for some large water users, including businesses.

In a draft report released today for comment, overall price rises are significantly lower than those requested by Essential Energy.

Compared with estimated inflation of 10.6% over the same period, typical annual water and sewerage bills for residential houses and flats using 300 kL of water per year will rise by 11.0% or \$138 over the next 4 years to 2018. When the effects of inflation are excluded, there is an increase of 0.4% or \$5 in the typical residential bill over the 4 years to 2018.

Small businesses operating in Essential Energy's area with usage mainly in Tier 1 will also see their water and sewerage bills increase marginally more than inflation. IPART Chairman Peter Boxall said that for those using more water, prices would actually fall as the draft decision removes the inclining block tariffs that many stakeholders consider are unnecessarily discouraging water consumption to the detriment of community health and amenity.

"We have proposed a single tier for water usage prices for Broken Hill by removing Tier 2 usage prices, and have set all prices at the current Tier 1 price," Dr Boxall said.

"In 2014/15, water and sewerage bills for most customers who currently purchase water in Tier 2 will decrease, and then they will rise broadly in line with inflation. The actual bill impact for customers with usage greater than 400 kL will depend on how much water they currently use in summer and non-summer periods."

Dr Boxall said the draft prices reflect IPART's assessment of the efficient operating and capital expenditure needed to deliver water and sewerage services in Broken Hill.

"We have scaled back Essential Energy's capital expenditure and have applied a lower rate of return on its assets based on our assessment of market conditions," Dr Boxall said.

"We are confident that the draft decisions will allow Essential Energy to continue to provide quality services and meet regulatory standards. We will re-assess Essential Energy's capital expenditure at the next determination and adjust prices then if we find that Essential Energy's prudent and efficient capital expenditure is greater than we allowed."

The draft prices have been set to recover Essential Energy's efficient costs without the need for a subsidy from the NSW Government. The future of any subsidy is a matter for the NSW Government.

**Essential Energy's water, sewerage other services in Broken Hill
from 1 July 2014 to 30 June 2018**

Table 1 Summary of impacts of the Draft Determination

	Nominal (includes inflation)	Real (excludes inflation)	
Residential houses and units (individual meter using 300kL)	Up 11.0% or \$138 over 4 years Bill in 2018 = \$1,389 (\$2017/18)	Up 0.4% or \$5 over 4 years Bill in 2018 = \$1,256 (\$2013/14)	
Residential houses^a 500 kL – upper and lower estimates of bill impacts	100 kL above 400 kL, currently used during summer Up 10.9% or \$173 over 4 years Bill in 2014 = \$1,585 (\$2013/14) Bill in 2018 = \$1,759 (\$2017/18)	100 kL, above 400 kL currently used during summer Up 0.3% or \$5 over 4 years Bill in 2014 = \$1,585 (\$2013/14) Bill in 2018 = \$1,590 (\$2013/14)	
	100 kL above 400 kL, currently used during non-summer Up 3.6% or \$60 over 4 years Bill in 2014 = \$1,698 (\$2013/14) Bill in 2018 = \$1,759 (\$2017/18)	100 kL above 400 kL, currently used during non-summer Down 6.4% or \$108 over 4 years Bill in 2014 = \$1,698 (\$2013/14) Bill in 2018 = \$1,590 (\$2013/14)	
	Non-residential – small business (20mm standalone meter using 250kL)	Up 11.0% or \$165 over 4 years Bill in 2014 = \$1,506 (\$2013/14) Bill in 2018 = \$1,671 (\$2017/18)	Up 0.3% or \$5 over 4 years Bill in 2014 = \$1,506 (\$2013/14) Bill in 2018 = \$1,511 (\$2013/14)
	Non-residential - 32 mm meter using 1,000kL per year – upper and lower estimates of bill impacts For meter sizes greater than 20mm, bills depend on meter connection size and water usage.	600kL charged at Tier 1 price, 400kL charged at Tier 2 price Up 1.4% or \$71 over 4 years Bill in 2014 = \$5,264 (\$2013/14) Bill in 2018 = \$5,336 (\$2017/18)	600kL charged at Tier 1 price, 400kL charged at Tier 2 price Down 8.4% or \$440 over 4 years Bill in 2014 = \$5,264 (\$2013/14) Bill in 2018 = \$4,824 (\$2017/18)
	400kL charged at Tier 1 price, 600kL charged at Tier 2 price Down 2.8% or \$155 over 4 years Bill in 2014 = \$5,490 (\$2013/14) Bill in 2018 = \$5,336 (\$2017/18)	400kL charged at Tier 1 price, 600kL charged at Tier 2 price Down 12.1% or \$666 over 4 years Bill in 2014 = \$5,490 (\$2013/14) Bill in 2018 = \$4,824 (\$2013/14)	

^a The same charges apply to houses and units. Units generally have lower consumption than houses.

Note: Bill increases may not add up due to rounding.