



Central Coast Council
Submission in response to IPART Issues Paper;
"Review of recycled water prices for public water utilities"

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Introduction

The NSW Independent Pricing and Regulatory Tribunal (IPART) issued a paper titled “Review of recycled water prices for public water utilities” (Paper) on 4 September requesting responses on the matters raised in the Paper. This memo sets out the response of Central Coast Council (Council).

The IPART review covers pricing arrangements for recycled water and related services provided by:

- Sydney Water Corporation (Sydney Water)
- Hunter Water Corporation (Hunter Water)
- the Central Coast Council (CCC or Council), and
- Essential Energy (as part of the water and wastewater services provided in Broken Hill).

Background

Recycled water is defined by IPART as wastewater or stormwater that has been collected and treated by a public water utility so that it can be reused for urban irrigation, industrial processes, environmental flows and non-potable residential purposes.

According to the way IPART have classified the recycled water schemes and as noted in the Paper, CCC only has “voluntary schemes” and “other” schemes which service the sewerage treatment plant where they are located only. (Refer Table 2.3 from the Paper reproduced below.) CCC does not have mandatory or section 16A schemes.

Central Coast Council’s recycled water schemes

Mandatory schemes	Voluntary schemes	Section 16A	Other
N/A	▼ Bateau Bay ▼ Toukley ▼ Kincumber	N/A	▼ Woy Woy ▼ Charmhaven ▼ Gwandalan ▼ Mannering Park ▼ South Wyong

This limited involvement in recycled water schemes means CCC feels it is only appropriate to make a limited submission to the Paper. This is in keeping with IPART expectations noted in the Paper which clearly state that IPART “do not expect utilities to participate where issues are not pertinent to them” and that IPART “invite submissions from utilities on issues that relate to the services they provide or may provide in the foreseeable future”.

We will however participate in and closely monitor the review process. This will include monitoring the submissions provided by the other utilities and any subsequent responses to these submissions as well as attending the public hearing.

Council's responses to the issue categories raised by IPART

Form of regulation and cost recovery framework

Central Coast Council supports the IPART proposed approach of allowing unregulated price agreements between utilities and customers for voluntary recycled water schemes, sewer mining and stormwater harvesting services. Council also supports the notion that IPART regulation and price setting should only be applied if agreement cannot be reached and a request is made for a scheme specific review. This is consistent with the less intrusive approach proposed by IPART.

A review methodology similar to the scheme specific review process for wholesale pricing is supported.

Pricing arrangements for mandatory recycled water schemes and Recycled water developer charges methodology

At this point in time Council has no comment on the issues listed under pricing arrangements for mandatory schemes or recycled water developer charges methodology. This is largely due to the fact that we have no mandatory or developer initiated schemes and there seems to be little prospect of such schemes being established within the Central Coast Council Local Government Area in the near future. The only exception may be schemes under the Water Industry Competition Act (WICA) however we envisage that these schemes would then be regulated under the WICA framework.

Pricing arrangements for voluntary recycled water schemes and Cost Offsets

Pricing principles should be established along similar lines to the "National Water Initiative Pricing Principles" (as listed in Appendix C of the Paper) with the inclusion of allowances for cost offsets for avoided and deferred costs and wide ranging allowances for external benefits. We therefore support IPART's proposal to expand the provision for cost offsets.

Whilst it may not be necessary to allow cost offsets for commercially viable recycled water schemes, Central Coast Council considers that for the scale of schemes we may be able to implement, it will be difficult to create financially viable recycled water or stormwater harvesting schemes without considerable allowances for cost offsets.

Furthermore for small schemes, the cost of IPART and other regulation may add significant costs.