



MD18/5766

Mr Robert Aposhian
Principal Analyst
Independent Pricing and Regulatory Tribunal
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Dear Mr Aposhian

I refer to your letter dated 5 December 2018 to the Minister for the Environment, the Hon Gabrielle Upton, MP inviting the Minister to make a submission on a licence application by WUA MidCo Pty Ltd (WUA) made under the *Water Industry Competition Act 2006* (WICA) for the Kooragang Industrial Water Scheme ("the application"). Your letter was also copied to the Environment Protection Authority (EPA). I have been asked to reply to both pieces of correspondence.

Certain infrastructure associated with the Kooragang Industrial Water Scheme has been licensed by the EPA since 2016. Environment Protection Licence 20757 was firstly held by Hunter Water Corporation and on 28 November 2017 the licence was transferred to Suez Water & Treatment Solutions Pty Ltd (SUEZ).

As the Kooragang Industrial Water Scheme has been in operation and licensed by the EPA for a period, on 14 December 2018 the EPA's Peter Jamieson contacted you to gain more information on the reason for the WICA application. You advised that the application was necessary because the previous owner of the Kooragang Industrial Water Scheme had sold the scheme to WUA.

The EPA notes from the application that "The Kooragang Industrial Water Scheme is currently owned by Kooragang Water Pty Ltd, a 100 per cent subsidiary of WUA MidCo Pty Ltd ('WUA'), and operated under contract by SUEZ Water & Treatment Solutions ('SUEZ')." The application elaborates on the responsibilities of SUEZ.

Environment Protection Licences are issued to the occupier of a premises. Based on the information in the application, it would appear that SUEZ will continue to be the occupier and there will be no need for the licence to transfer to another entity.

In regard to your specific questions the EPA advises as follows:

1. **Legislation Breaches** - The EPA has checked its databases for prosecutions and Penalty Notices and advises there is no record of any such actions by the EPA with regard to WUA or Kooragang Water Pty Ltd for breaches of the *Protection of the Environment Operations Act 1997*.

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2. **Approvals Necessary** - The information presented in the application suggests that the current "premises" as defined in Environment Protection Licence 20757 does not accurately reflect the infrastructure under the care and control of SUEZ. The licensed premises currently covers:

- The Mayfield West Advanced Water Treatment Plant (MWAWTP);
- Pipework to the Shortland dechlorination building; and
- The brine pipeline to the Hunter Water Corporation sewer.

Based on the application, it would appear that the Environment Protection Licence should also include:

- A section of the pipeline from Shortland WWTP as the application states "The pipeline from the Shortland WWT post Valve 6 is owned by Kooragang Water and is operated and maintained by SUEZ." (p24)
- The pipeline to Orica as the application states "The recycled treated water is delivered to Orica at Kooragang Island via a dedicated 8km pipeline from the MWAWTP which is owned by Kooragang Water." (p24); and
- The backwash water pipeline to Shortland WWTP as the application states "The scheme also operates and maintains two sections of pipeline to divert trade waste (brine & dirty filter backwash water) to HWC's sewer network." (p24)

It would appear that SUEZ needs to submit to the EPA an application to vary Environment Protection Licence 20757 to ensure that the licensed premises includes all infrastructure under the care and control of SUEZ.

3. **Risk to the Environment** - The EPA considers that Environment Protection Licence 20757 effectively regulates the environmental risks posed by the activities to be licensed by IPART.

4. **Specific Conditions Needed in the IPART Network Operators Licence** - The EPA considers that rather than the network operators licence containing conditions specific to the protection of the environment, it instead include a condition that the occupier of the Kooragang Industrial Water Scheme must hold any requisite licence needed under the *Protection of the Environment Operations Act 1997*.

The EPA requests IPART notify WUA that its contractor, SUEZ, will need to submit a licence variation application to modify the "premises" description to include all infrastructure relevant to the Kooragang Industrial Water Scheme.

Should you require any further information in relation to this matter please contact Peter Jamieson, Head Operations Unit Hunter North, EPA, [REDACTED] or at hunter.region@epa.nsw.gov.au.

Yours sincerely

[REDACTED]

21/12/18

MARK GIFFORD PSM
Acting Chair and CEO
Environment Protection Authority