



DOC20/293304

Ms Sheridan Rapmund
A/Director
Independent Pricing and Regulatory Tribunal

By email at: Sheridan_Rapmund@ipart.nsw.gov.au

17 April 2020

Dear Ms Rapmund

Review of Prices for Hunter Water Corporation – Water Pricing Draft Report EPA Response

Thank you for the opportunity, and extension until 17 April 2020, to make a submission on the Independent Pricing and Regulatory Tribunal's (IPART) Water Pricing Draft Report (Draft Report) for the Hunter Water Corporation (HWC) pricing proposal. The proposal relates to various water and wastewater charges that will take effect from 1 July 2020 and remain in place for four years.

The Environment Protection Authority (EPA) has reviewed the Draft Report and would like to make two comments:

1. The Draft Report, drawing on work completed by IPART's consultant Aither, states in Section F.2.1, that 'there is uncertainty about the future discharge licence requirements from the EPA'. The EPA understands that this comment relates to the five sewage treatment plants (STPs) included in HWC's Hunter River Model and Masterplan Proposal submitted to the EPA in July and August 2019.

In June 2015, the EPA required HWC to develop future concentration and load limits for five STPs that discharge into the Hunter River catchment. In response, HWC proposed an alternative approach to the regulation of these five STPs that includes green offsets and nutrient trading, known as the Hunter River Masterplan. This is a complex proposal that required specialist technical and scientific review, and which must comply with relevant policies and legislation on offsets and pollutant trading. This body of work is ongoing, and a final position has not yet been reached by the EPA.

The EPA asks that IPART's final report notes that the uncertainty about future licence conditions relates to the complex nature of HWC's Hunter River Model and Masterplan Proposal. It should also be noted that technical, scientific and policy review is ongoing, and a final determine on concentration and load limits or other regulatory approaches cannot be made until this work is completed.

2. The Draft Report, drawing on work completed by IPART's consultant Aither, states in Section 5.3. that the proposed \$7.2 million for STP chemical containment and safety upgrades is 'overly risk averse'. This is because, while the EPA has required these upgrades at some of HWC's STPs, it has not formally required them at others.

The EPA supports HWC's risk averse approach to this issue. Hazardous chemicals are used throughout sewage treatment systems and their reticulation network and there have been long-term environmental impacts caused by spills and leaks of these chemicals. One example is a leak of about 230 litres of ferrous chloride in the form of spent pickle liquor at HWC's Swansea sewage pumping station. This led to an Enforceable Undertaking between the EPA and HWC involving significant expenditure of HWC staff time, specialist consultants, site upgrades and which may require remediation of contaminated groundwater.

The EPA appreciates IPART taking these comments into consideration. If you have any questions about this matter, please contact [REDACTED] or by email to hunter.region@epa.nsw.gov.au

Yours sincerely

[REDACTED]

RICHARD BEAN
Interim Chief Executive Officer
Environment Protection Authority