

Submission to

Independent Pricing and Regulatory Tribunal

Water NSW Regulated Water Charge Review

1 July 2017 to 30 June 2021

Namoi Water

Contact :
Jon-Maree Baker
Executive Officer
PO Box 548
Narrabri NSW 2390
Ph: 0488 9025222
EM : eo@namoiwater.com.au

Introduction

Namoi Water represents water licence holders in the Namoi Catchment area. These licence holders included regulated, unregulated and groundwater systems. Namoi Water engages in advocacy, policy development and media relations. This submission represents the view of Namoi Water, however, each Member reserves the right to independent opinion on any issue covered in this submission.

Namoi Water in our previous submissions has encouraged IPART to review the consultation process, whilst informal and early discussion has been undertaken the hearing process does not enable enough time to discuss in detail issues and seek interpretation by IPART of the rules directing final decision. In short IPART is viewed to have not fulfilled it's charter in holding either Water NSW or DPI Water to account for the previous determinations. We seek clarity in this review over those previous decisions and rulings by the ACCC not implemented fully by Water NSW are reported and how the organisation is held to account.

Namoi Water is particularly interested in the long term change of operational and structure of Water NSW and how this will ultimately guide the direction of the business and it's services.

We would envisage that this determination will also seek further information regarding the effect of WaterNSW's operating licence review has on this pricing determination.

A key area of concern for licence holders is the transfer of functions and responsibilities between DPI Water and WaterNSW and service levels in the transfer of function. We would also be seeking a review of the costs and the suggestion of efficiency and any savings that would result given the DPI Water determination.

Due to Namoi Water Staff being on leave for the majority of the exhibition period we will be submitting a more detailed assessment at the scheduled hearing. This document services as a summary of our key concerns.

Summary of Issues

Namoi Water has requested through the chair's forum of the Customer Service Committee that Water NSW provide a detailed comparison between its actual revenue and cost throughout the last two price Determinations in order to allow stakeholders to assess Water NSW's actual financial risk and supply side vulnerability. To date this information has not been made available and we ask IPART to request this information as part of the review and it is made available to stakeholders.

Namoi Water asks that IPART consider in detail the integration and service levels of the DPI Water staff/responsibilities transfer. Further we seek some mechanism to ensure that Water NSW has incentives to expedite the integration of DPI Water staff and regulatory responsibilities into their business and find additional efficiencies.

Namoi Water request further detail on the drivers of Water NSW's proposed OPEX increases in 'water delivery and other operations', 'dam safety compliance' and 'customer support and compliance' for the Namoi.

Namoi Water requests further information on the capital expenditure required to implement the 'maintaining capability approach'. We have requested this information at the Customer Service Committee.

Namoi Water questions whether the renaming of CAPEX categories has resulted in any cost shifting to customers, in particular around the current categories of dam safety compliance and environmental planning and protection. In particular for the Peel Valley where these costs play a major role in the pricing more transparency on the effect of this change is needed.

Namoi Water submits that WaterNSW must provide a comparison between actual costs and revenue so stakeholders can determine the profitability of WaterNSW and thereby assess its financial risk. Further that Water NSW faces significantly less revenue risk than its customers, due to the current tariff structure. IPART must reject WaterNSW's revenue volatility proposal on the ground that it shifts risks to customers, lead to significant additional costs to WaterNSW's customers only to compensate for a temporary revenue shortfall (compared to WaterNSW's notional revenue allowance) which is ultimately adjusted for in the long term through the Unders and Overs Mechanism.

Namoi Water rejects IPART's proposal to introduce an Efficiency Carryover Mechanism at this price determination and request further consultation with stakeholders around such a mechanism for future Determinations.

Namoi Water seeks a review of the legacy issues we are pleased that Water NSW have suggested this will occur next pricing submission however we would as a vfallay with two dams (Keepit and Split Rock) seek a review of the asset efficiency test for Split Rock in this pricing determination