



HEATH CONSULTING ENGINEERS

HENGCON PTY LTD
ACN 103 488 348

Postal Address:
PO BOX 2501
ORANGE NSW 2800

Our Ref: IPART Submission.doc

Office Location:
351 SUMMER STREET
ORANGE NSW

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Discharge Factors Review
Independent Pricing and Regulatory Tribunal
PO Box Q290
QVB Post Office NSW 1230

Attention: Mr Gerard Odea

Dear Sir,

RE. REVISED SUBMISSION ON DISCHARGE FACTORS FOR NON-RESIDENTIAL CUSTOMERS

Reference is made to the Independent Pricing and Regulatory Tribunal's (IPART) Water - Discussion Paper "Discharge factors for non-residential customers" dated September 2013 and IPART's invitation to provide written submissions on the document.

We have been acting as a consulting engineer for a number of clients reviewing the sewer access charge over a number of years. It appears from this discussion paper that IPART has a similar view to ours and our clients, in that non-residential customers should only be charged for the actual load placed on the sewerage system.

We commend IPART for taking a proactive approach to reviewing the sewer access charge.

Our responses to the questions posed in the discussion paper at the end of Sections 3 & 4 are detailed below.

1. *Do you consider that small business discharge factors should be standardised across the metropolitan water utilities?*

Where the business category can be accurately defined and the business operations do not vary from the standard then YES standardised discharge factors should be implemented across ALL water utilities.

2. *If so, what are your views on the proposed two-part approach to discharge factors?*

A two-part approach is a fair way of applying discharge factors as whilst some businesses maybe the same they could be operated very differently. The two part system gives good business operators the chance to have their discharge factor reviewed. For example a typically high water user may implement water recycling and water reuse and unless they have the ability to have their discharge factor reviewed then they would be unfairly treated.

3. *Is the NSW Office of Water list of small business discharge factors suitable?*

- *What Discharge Factors would you change?*
- *Which would you consolidate?*

The NSW Office of Water list would be suitable. Provided the list is derived from actual measurements then we cannot see any reason to change or consolidate the list.

4. *Do you agree the requesting customer should pay for individual assessments or should these be borne by the rest of the customer base through periodic charges?*
We believe that the requesting customer should have their own assessment carried out independent of the water utility and as such they are responsible for the cost. The water utility would then need to review the submitted information at no cost to the customer. If there is large disparity and a resolution between the water utility and the customer cannot be reached, then the review should be referred to either an independent third party or IPART with the costs shared on a 50/50 basis.
5. *Is the 10% variance threshold suitable?*
We believe that if a customer is prepared to go the trouble of carrying out an individual assessment then the agreed discharge factor should be applied. Perhaps a 5% threshold may be more suitable to avoid continual changes. It may even be prudent to set a limit on the number of reviews allowable ie, such that a review may only be carried out if the owner can prove there has been a substantial change in use of the property.
6. *Do you propose any alternative approach to discharge factors? If so, why?*
The use of discharge factors is a fair way of calculating the chargeable sewerage usage volumes. However, the application of discharge factors on its own is not a fair method of calculating the sewerage service charge where the water meter is sized for other purposes. The formula proposed by IPART in Section 4.1.2 would rectify the problem. Other alternatives such as nominal water meter sizing and equivalent tenement methods essentially provide the same net result.
7. *Do you agree with the formula being considered for customers in this situation, or do you have an alternative solution?*
The formula uses a 25mm service as the base. Whilst it is our opinion that the base meter size chosen should be that of a typical residential customer which is typically 20mm, the end result in the example provided is the same with the minimum charge being applied.
8. *Should IPART specify a formula in subsequent determinations or leave it to the utilities to come up with one of their own?*
IPART must specify a formula in order to set a standardised approach. This will lead to a transparent approach by water utilities.
9. *Are you aware of other cases that breach IPART's price structure principles?*
No we are not aware of any breaches.

We would be more than happy to discuss our submission at a time convenient to you.

Yours faithfully
Heath Consulting Engineers



Per:
ROGER HEATH

Enc.