



Hunter Water Corporation
ABN 46 228 513 446

Office of the Managing Director

PO Box 5171
HRMC NSW 2310
36 Honeysuckle Drive
NEWCASTLE NSW 2300
(02) 4979 9521 (T)
(02) 4925 2078 (F)
kim.wood@hunterwater.com.au

16 October 2013

Our Ref: HW2006-722/43/45

Fiona Towers
Acting Chief Executive Officer
Independent Pricing and Regulatory Tribunal
PO Box Q290
QVB Post Office NSW 1230

Dear Fiona

CATHERINE HILL BAY WATER UTILITY'S NETWORK OPERATOR LICENCE APPLICATION

Thank you for the opportunity to provide comment on the network operator licence application by Catherine Hill Bay Water Utility Pty Ltd (Catherine Hill Bay Water Utility). It is understood that Catherine Hill Bay Water Utility have applied for a network operator's licence to construct, maintain and operate water industry infrastructure to provide sewerage services and supply drinking and non-potable water to the Catherine Hill Bay residential development.

This application by the Catherine Hill Bay Water Utility is the first *Water Industry Competition Act* application within Hunter Water's area of operations. Hunter Water supports greater levels of competition within the lower Hunter region for the provision of water, wastewater and recycled water services. Hunter Water has actively worked with developers and potential network operators and retail suppliers, including the Catherine Hill Bay Water Utility, to examine new business models and competitive approaches to service delivery.

With regard to the specific application by the Catherine Hill Bay Water Utility the following comments are provided.


It is noted in section 3.6.1 of the application that Catherine Hill Bay Water Utility deem themselves to be a monopoly supply. It is noted that whilst the area to be supplied by the Catherine Hill Bay Water Utility is within Hunter Water's area of operation, Hunter Water does not currently provide water, wastewater or recycled water to this area. Hunter Water has no immediate plans to provide such services to this area.

Section 4.1.5 and 4.2.5 notes that the design, construction and commissioning of the potable water reticulation system and non potable water reticulation network will be in accordance with Water Services Association of Australia (WSAA) standards. Hunter Water has produced a modified version of the WSAA codes to ensure that new works are compatible with the existing system. Should consideration be given at a later date to integration with Hunter Water's infrastructure, modifications of the Catherine Hill Bay Water Utility infrastructure may be required to comply with Hunter Water specifications.

Hunter Water notes that the *Water Industry Competition Act* currently allows for the nomination of a Retailer of Last Resort. Whilst it is noted that the Catherine Hill Bay Water Utility is not in this application seeking a retail supplier's licence, it should be noted that Hunter Water has not held any discussions with the Catherine Hill Bay Water Utility in regard to the Retailer of Last Resort provisions. It is understood that consideration is also being given to the inclusion of Operator of Last Resort provisions within the *Water Industry Competition Act*. It is Hunter Water view that appointment of a retailer or operator of last resort should not burden the appointees existing customer base should such provision be enacted.

Should you wish to discuss any aspect of Hunter Water's correspondence please feel free to contact Nicole Holmes, Manager Corporate Strategy and Regulation on (02) 4979 9530.

Yours sincerely

A handwritten signature in black ink, appearing to read "Kim Wood". The signature is written in a cursive style with a large, sweeping initial "K" and "W".

KIM WOOD
Managing Director