



Hunter Water Corporation  
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Our Ref: HW2006-722/43/44

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

Dear Fiona

### **WYEE WATER NETWORK OPERATORS LICENCE APPLICATION**

Thank you for the opportunity to provide comment on the network operator licence application by Wyee Water Pty Ltd (Wyee Water). It is understood that Wyee Water has been engaged to establish and operate a combined sewerage, recycled water and drinking water scheme for a new residential development in Wyee.

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 Flow Systems (the parent company of Wyee Water), to examine new business models and competitive approaches to service delivery.

With regard to the specific application by Wyee Water, the following comments are provided.

Hunter Water has commenced discussions with Wyee Water regarding the provision of bulk water supplies to the proposed development area. Whilst these discussions are at an early stage, Hunter Water is supportive of the Wyee Water application and proposal, and will continue to work constructively to further progress this matter. The terms of such a supply agreement will need to be negotiated between the two parties, including levels of service relating to such matters as continuity of supply.

Clause 3.6 of the application by Wyee Water notes that the provision of water, wastewater and recycled water services to the Development Area will not be a monopoly supply. This is on the basis that the development will occur within an area already served by Hunter Water for drinking water. It should be noted however, that Hunter Water does not provide wastewater or recycled water services in the vicinity of the Development Area nor does Hunter Water propose to provide such services in the short to medium term.

It is noted at Clause 4.1.4 that Wyee Water indicates that Hunter Water is responsible for the extension of the existing infrastructure to enable connection of the Development Area. It is not Hunter Water's policy to fund the augmentation or extension of existing infrastructure for growth purposes. The developer or network operator will be responsible in this instance for the funding and construction of any necessary extensions to the water infrastructure system.

Hunter Water notes that the *Water Industry Competition Act 2006* currently allows for the nomination of a Retailer of Last Resort. Whilst it is noted that Wyee Water is not in this application seeking a retail supplier's licence, it should be noted that Hunter Water has not held any discussions with Wyee Water in regard to 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*

2006. It is Hunter Water's view that appointment of a retailer or operator of last resort should not burden the appointee's 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