

7 November 2014

Ms Chen Chou
Chief Executive Officer
Independent Pricing and Regulatory Tribunal
PO Box Q290
QVB Post Office NSW 1230

Email: chen_chou@ipart.nsw.gov.au

cc: con_read@ipart.nsw.gov.au

Dear Ms Chou

Re: Sydney Water Submission to IPART's Discharge factors for non-residential customers – Draft Decision

Sydney Water welcomes the opportunity to respond to the draft report on the discharge factors for non-residential customers issued by Independent Pricing and Regulatory Tribunal's (IPART) in September 2014. As an organisation that is looking to promote better outcomes for our customers, we recognise that the choice of sewerage usage discharge factors (SUDFs) will be a key determinant in the wastewater bills for our customers.

Sydney Water outlined in the submission to IPART in October 2013 in response to the original Discussion Paper, concerns about moving towards standardising SUDFs across the four metropolitan utilities. We outlined such an approach may be overly prescriptive, potentially addressing an issue that was of no concern to customers, inconsistent with promoting better outcomes for Sydney Water's customers, and inconsistent with moves toward more incentive-based forms of regulation. In particular, Sydney Water noted that:

- our SUDF estimate was based on objective data from existing non-residential customer properties within our Operating Licence area
- in 2012-13, of the 24,000 non-residential customers paying the fee, only 24 requested a review of their discharge factor (i.e. just 0.1%), suggesting the current process was generally considered appropriate
- we already had strong existing incentives to ensure SUDFs were set appropriately so that customers were not being overcharged
- Sydney Water's Business Customer Forum raised concerns that the costs of the additional regulation, which would be met by customer, could outweigh any benefits.

On that basis, Sydney Water strongly supports IPART's draft decision to maintain its current practice for pricing determinations where it adopts the values set by the regulated water utilities, unless there is a strong case to do otherwise during the review process. Further, we fully endorse IPART's view that in order to improve transparency around this process, it is good practice for utilities to ensure customers understand the impact that discharge factors have on their bills and the process for

seeking an assessment of their discharge factor. This aligns with Sydney Water's focus on being a customer-centric organisation that delivers a great customer experience. We are therefore currently exploring the best channels of communication with our customers, taking into account the suggestions raised by IPART in the draft decision.

For further information in relation to this submission, please free to contact me on (02) 8849 4856 or kris.funston@sydneywater.com.au.

Yours sincerely,



Dr Kris Funston
Manager, Competition and Regulation
Business Strategy and Resilience