

Pricing for Recycled Water

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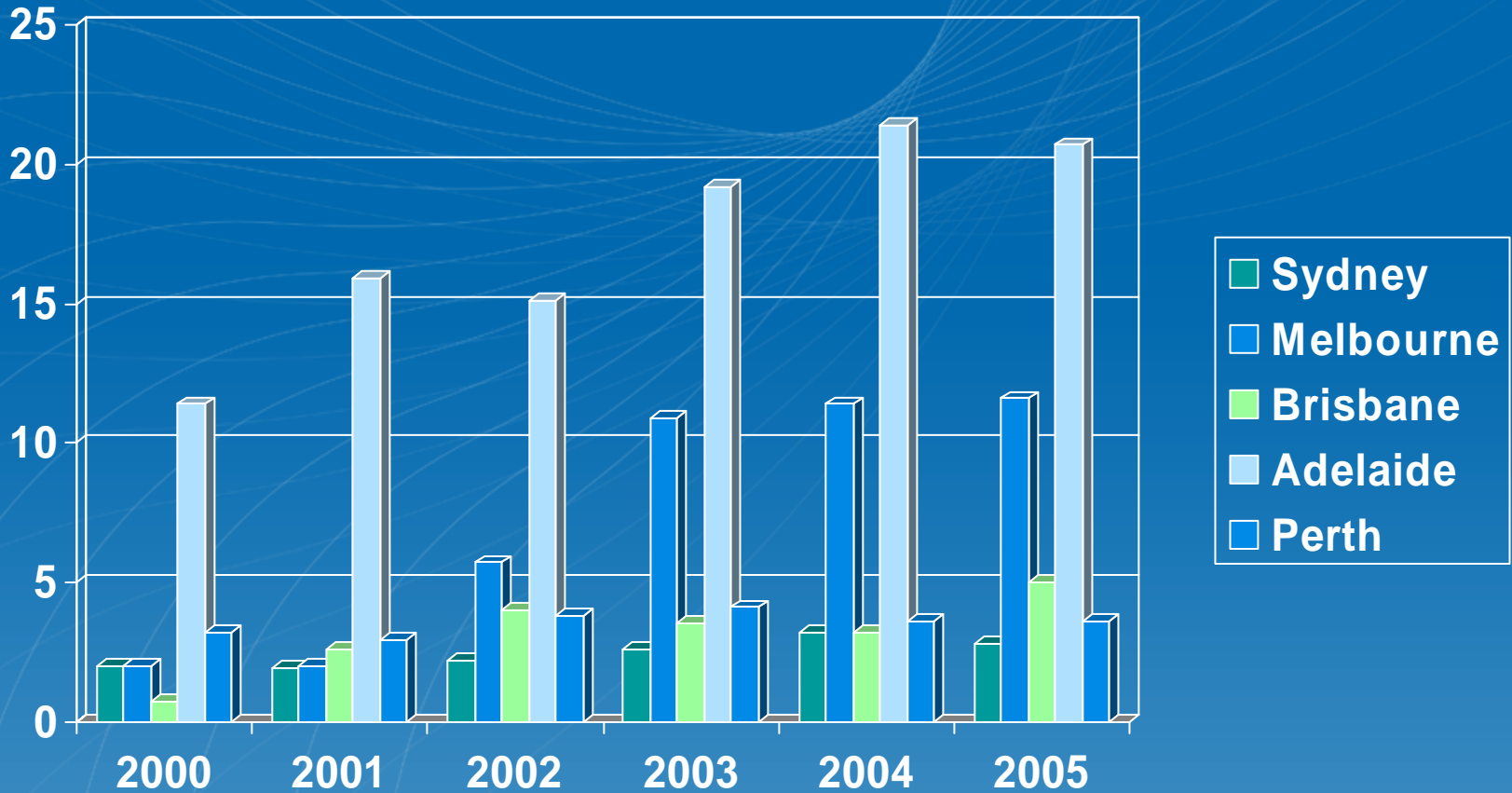


Recycled Water

- Not homogeneous product
- Suite of “fit for purpose” products
- Early focus on technical issues
- Maturing product line
 - Time to focus on commercial aspects
 - *Ad hoc* arrangements



Recycling in Capital Cities (% of available wastewater)



Objectives of Pricing

- Revenue adequacy
- Simplicity
- Efficiency
- Equity
- COAG objectives



Recycled Water (Costs & Benefits)

➤ Benefits

- Augmentation deferral
- Lower disposal impact
- Resource utilisation
- Beneficial attributes
- Meet targets (if any)
 - moot

➤ Costs

- Upgraded treatment
- Distribution & storage
- Energy
- Monitoring
- Legal exposure



Need to Recognise:

- Substitute and/or complement to alternative water supplies
 - eg potable water, irrigation water etc.
- Avoided & joint costs in supply
 - eg water & wastewater treatment
- BUT also products may be provided by others



Efficient Pricing Band

- Prices for recycled water to be set within:
 - Floor price
 - Incremental cost bearing in mind whole of system
 - Issues with disaggregated utilities
 - Do targets exist?
 - Ceiling price
 - Willingness to pay, as the lesser of
 - Stand alone cost
 - By-pass price of alternative



Pricing Structure

- Balance between up-front & ongoing pricing structures
- Developer charge to reflect headworks
- Volumetric charge
 - Cost signal
 - Relative to price of alternative water sources
- Fixed charge
 - Balancing item



WSAA Projects of Relevance

- Occasional Paper on Pricing for Recycled Water
 - published in 2005
- Current Project on Developer Charges & Smart Growth
- Current Project on Identifying Wastewater Costs



Conclusion

- Adopt methodology for recycled water pricing
- Avoid formula approach
- Avoid postage stamp pricing for recycled water

