



Jim Cox
Full Time Member and CEO
Independent Pricing and Regulatory Tribunal
PO Box Q290
QVB Post Office NSW 1230

Determination of prices for Sydney Desalination Plant Pty Limited

Dear Mr Cox *Jim*

I refer to the Independent Pricing and Regulatory Tribunal's (IPART's) issues paper for the determination of prices for Sydney Desalination Plant Pty Limited (SDP).

SDP is a wholly-owned subsidiary of Sydney Water Corporation. Sydney Water is also, at present, SDP's only customer.

Sydney Water considers that the proposals made by SDP, in its submission to IPART's price determination, are appropriate to the interests of both SDP and Sydney Water, as well as the customers of Sydney Water. In particular, there is an appropriate allocation of risk between SDP and Sydney Water. The proposed risk allocation will ensure that the community benefits from savings made when the desalination plant is not required to operate, and that SDP receives a revenue stream that is appropriate to its costs.

Thank you for the opportunity to make a submission to IPART's price determination for SDP.

Yours sincerely

Kerry Schott
Managing Director

22 July 2011