



Department of
Environment and Conservation (NSW)

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Mr J Cox
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Independent Pricing and Regulatory Tribunal
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Dear Mr Cox

Thank you for the opportunity to make a submission to the Independent Pricing and Regulatory Tribunal's (IPART) Review of pricing arrangements for recycled water and sewer mining for the metropolitan water agencies.

As outlined in the Issues Paper, the primary role of the Department of Environment and Conservation (DEC) in relation to recycled water providers is to be the principal environmental regulatory agency. DEC carries out its regulatory role under a suite of legislation, including the *Protection of the Environment Operations Act 1997*. DEC is also an advocate of water recycling and contributes to the development and implementation of Government initiatives aimed at supporting water recycling and developing a successful recycled water market.

DEC's key focus in relation to pricing practice for recycled water is the final price determined. DEC believes that it is essential that recycled water be priced competitively with potable water while recognizing the cost of producing recycled water.

In regard to the Issues Paper, DEC believes that the evaluation criteria proposed by IPART for assessing water pricing options are appropriate and acknowledges the recognition of the need to include the full social costs and benefits of supply and use of recycled water (including external costs and benefits) in decisions.

Appendix 3 (A3.3) of the paper discusses the potential use of recycled water for environmental flows. It should be noted that flow volume is not the only necessary condition for a suitable environmental flow and that seasonality, duration of flow event, and flow interval are also important considerations. DEC believes that where recycled water is proposed as a substitute for dam releases it will be necessary to ensure that the recycled water provides the same net benefit to the environmental values of the waterway as would have been provided by the dam release.

Thank you again for the opportunity to comment on IPART's Review of pricing arrangements for recycled water and sewer mining for the metropolitan water agencies.

Yours sincerely


LISA CORBYN
Director General