

24 January 2018

Mr Adam Wilson  
Chief Executive Officer  
ESCOSA  
GPO Box 2605  
ADELAIDE SA 5001

Dear Adam

### **RD20 Framework and Approach**

Thank you for the opportunity to provide feedback on the draft Framework and Approach for Regulatory Determination 2020 (RD20).

We are supportive of the draft Framework and Approach overall and acknowledge ESCOSA's leadership in continually developing the regulatory framework for the long term benefit of customers.

The Draft Framework and Approach sets out three clear objectives for RD20:

- *SA Water should understand what customers value and develop proposals for services and prices that respond to those needs*
- *SA Water should incur only efficient expenditure, taking a long-term approach to its decision making to ensure that the essential services it provides are sustainable, and*
- *Customers should receive the benefits of that improved efficiency through the prices they pay.*

These objectives align closely with our corporate strategy, developed in consultation with our customers and based on the things they most value about our services to them.

We are committed to delivering the things customers value and are willing to pay for, as well as meeting all of our regulatory requirements. We aim to deliver these in the most efficient and innovative ways, ensuring those savings are passed on to customers.

We are also focussing on long term planning to ensure every opportunity to optimise our decision-making can be made over the longer term to save customers money and consistently deliver our service commitments.

We are especially supportive of the proposed increase in customer and stakeholder involvement in the determination process. We have already commenced a comprehensive engagement process to ensure we understand what our customers value and that, when we submit our regulatory business proposal in 2019, it is aligned with customers' expectations.

We also support the following proposed changes to the determination process:

- ESCOSA's intention that SA Water remains adaptable to changing customer needs over regulatory periods and therefore setting a regulatory framework to facilitate and encourage this
- Improving our performance reporting framework to drive the outcomes customers value
- Providing SA Water with appropriate incentive to continually change and adapt to deliver on service standards set in consultation with customers, in changing environments, and
- Improving the methodology for determining the regulatory rate of return to help achieve long-term price stability for customers. This will also help ensure SA Water's long term financial viability, to the benefit of our customers and the state of South Australia.

We seek clarification on a few details of the Framework and Approach, such as timeframes of final decisions, and will discuss these directly with ESCOSA over the course of its engagement on the Draft Framework and Approach and thank ESCOSA for the opportunity to do so.

Please do not hesitate to contact Richard Cawley, Senior Manager Regulation to discuss this further.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Roch Cheroux', with a large, sweeping underline that loops back to the left.

Roch Cheroux  
**CHIEF EXECUTIVE**