



Price Determination

SA Water's Excluded and Recycled Water Retail Services - Price Determination

1 July 2024

Enquiries concerning this document should be addressed to:

Essential Services Commission
GPO Box 2605
Adelaide SA 5001

Telephone: (08) 8463 4444
Freecall: 1800 633 592 (SA and mobiles only)
E-mail: escosa@escosa.sa.gov.au
Web: www.escosa.sa.gov.au

CONSULTATION DRAFT

Table of contents

- 1 General.....1
 - 1.1 Authority.....1
 - 1.2 Application.....1
 - 1.3 Term and commencement.....1
 - 1.4 Definitions and interpretation.....1
 - 1.5 Revoking or varying decisions.....3
 - 1.6 Modification of time periods.....3
- 2 Price Regulation of Recycled Water Retail Services.....5
 - 2.1 Price control for recycled water retail services.....5
 - 2.2 Pricing justification for recycled water retail services.....5
 - 2.3 Publication obligations in respect of recycled water retail services.....5
- 3 Price Regulation of Excluded Retail Services.....7
 - 3.1 Price control for excluded retail services.....7
 - 3.2 Pricing justification for excluded retail services.....7
 - 3.3 Publication obligations in respect of excluded retail services.....8

CONSULTATION DRAFT

1 General

1.1 Authority

- 1.1.1 This price determination is made by the Commission:
- (a) pursuant to the price determination powers under the Essential Services Commission Act 2002, as authorised by section 35(1) of the Water Industry Act 2012, and
 - (b) in accordance with the requirements of any applicable Pricing Orders issued under section 35(4) of the Water Industry Act 2012 (as in force from time to time).

1.2 Application

- 1.2.1 This price determination applies to SA Water and regulates the manner in which SA Water must set prices for:
- (a) recycled water retail services, and
 - (b) excluded retail services.

1.3 Term and commencement

- 1.3.1 This price determination takes effect on and from 1 July 2024 and remains in effect until such time as the Commission revokes its application under section 26(7) of the Essential Services Commission Act 2002 or varies it under section 26(8) of the Essential Services Commission Act 2002.
- 1.3.2 Nothing in clause 1.3.1 affects the operation of any provision of this price determination that requires something to be done or commenced before 1 July 2024.
- 1.3.3 Nothing in this price determination affects anything done or omitted to be done or rights or obligations accrued under a previous determination made by the Commission under Part 3 of the Essential Services Commission Act 2002 and section 35(1) of the Water Industry Act 2012.

1.4 Definitions and interpretation

- 1.4.1 Where a term used in this price determination is defined in the Water Industry Act 2012, it has the meaning given in that Act, unless the contrary intention appears.
- 1.4.2 Subject to clause 1.4.1, in this price determination, unless the contrary intention appears:
- business day** means any day apart from a Saturday, Sunday or public holiday in South Australia (within the meaning of the Legislation Interpretation Act 2021).
- Commission** means the Essential Services Commission established under the Essential Services Commission Act 2002.
- customer** has the same meaning as it has in the Water Industry Act 2012 (as amended from time to time).

excluded retail services means:

- (a) standard and non-standard connection services (including developer services)
- (b) trade waste services
- (c) non-domestic hauled waste services
- (d) easement extinguishment and encumbrance services
- (e) hydrant and fire plug services
- (f) meter services, or
- (g) network analysis and audit services.

NWI pricing principles means the pricing principles endorsed by the Natural Resource Management Ministerial Council on 23 April 2010 for the purposes of the National Water Initiative.

Pricing Order means a pricing order issued by the Treasurer under section 35(4) of the Water Industry Act 2012 (and includes any variations made to a Pricing Order in accordance with the terms of the Pricing Order and section 35 of the Water Industry Act 2012).

recycled water retail services means the sale and supply of water which has been generated from sewage, greywater or stormwater and treated to a standard that is appropriate for its intended use.

regulatory period means the period 1 July 2024 until such time as this price determination is revoked or varied (as the case may be).

regulatory year means each 12-month period commencing 1 July and ending on 30 June the following calendar year during the regulatory period.

SA Water means the South Australian Water Corporation established under the South Australian Water Corporation Act 1994.

1.4.3 This price determination must be interpreted according to the following principles:

- (a) words denoting persons include corporations, statutory corporations, unincorporated associations, firms, governments and governmental agencies
- (b) a reference to a person includes that person's agents, guardian(s) successors and permitted assigns, persons who have control over any assets of a person and receivers, managers, trustees, administrators and liquidators and similar persons appointed over:
 - (i) a person, or
 - (ii) any assets of a person
- (c) headings are only included for convenience and do not affect interpretation
- (d) unless specified otherwise, a reference to a section, clause, Chapter, Part or Schedule is to a clause, Chapter or Part of or Schedule to this price determination

- (e) a reference to an agreement, document, regulatory instrument or part thereof is a reference to that agreement, document, regulatory instrument or part thereof as varied, replaced or substituted from time to time and includes any Schedules or attachments to the agreement, document or regulatory instrument, and
- (f) a reference to any statute, regulation or proclamation, , includes all statutes, regulations or proclamations, varying, consolidating, re-enacting, extending or replacing them and a reference to a statute includes all regulations, proclamations and determinations issued under that statute.

1.5 Revoking or varying decisions

- 1.5.1 If the Commission has made a decision under this price determination and it subsequently becomes aware that the decision was made on the basis of, or relying upon, information provided to the Commission that was false or misleading in a material particular, or if any material information was withheld, then the Commission may, in its discretion:
 - (a) revoke that decision and substitute a new decision, or
 - (b) vary that decision.
- 1.5.2 If the Commission revokes and substitutes a new decision or varies a decision under clause 1.5.1 (as the case may be), that new or varied decision takes effect on the date specified by the Commission in a written notice.
- 1.5.3 A new or varied decision made under this clause may only differ from the original decision to the extent appropriate to correct for:
 - (a) the false or misleading information on which the original decision was based on or taken into account in making the decision, or to take into account relevant information that was withheld and was not taken into account when making the original decision, and
 - (b) the application of the original decision during the period in respect of which that decision was in effect.

1.6 Modification of time periods

- 1.6.1 The Commission may, by written notice, extend the time by or within which anything required to be done pursuant to this price determination must be done.
- 1.6.2 If the Commission makes a request to SA Water for information or documents for the purposes of making a decision or exercising any of its powers under this price determination, or issues a written notice requiring any person to provide information under section 29 of the Essential Services Commission Act 2002, any time period within which the Commission is required to make a decision, notify any person or exercise any of its powers under this price determination:
 - (a) stops running on the date the request or requirement is made; and
 - (b) starts to run again on the date that the Commission notifies SA Water in writing that the Commission is satisfied that the requested or required information or documents have been provided.

- 1.6.3 If the Commission makes a request for information or documents under clause 1.6.2, or makes a requirement for information or documents under section 29 of the Essential Services Commission Act 2002, it will notify SA Water:
- (a) as soon as reasonably practicable after the request for information or documents has been made, of the date the relevant time period stopped running; and
 - (b) as soon as reasonably practicable after the Commission has determined that any information or documents received satisfies the request for information or documents, of the date the relevant time period started to run again.

CONSULTATION DRAFT

2 Price Regulation of Recycled Water Retail Services

2.1 Price control for recycled water retail services

2.1.1 In setting prices for recycled water retail services for each regulatory year, SA Water must comply with the following NWI pricing principles for recycled water and stormwater use:

- (a) Principle 1: Flexible regulation
- (b) Principle 2: Cost allocation
- (c) Principle 3: Water usage charge
- (d) Principle 4: Substitutes
- (e) Principle 5: Differential pricing
- (f) Principle 6: Integrated water resource planning
- (g) Principle 7: Cost recovery
- (h) Principle 8: Transparency, and
- (i) Principle 9: Gradual approach.

2.1.2 In addition to the matters specified under clause 2.1.1, in setting prices for recycled water retail services for each regulatory year, SA Water must also comply with any principles, requirements or matters specified by the Commission in an industry code, industry rule or guideline (as in force from time to time) applicable to the provision of recycled water retail services.

2.2 Pricing justification for recycled water retail services

2.2.1 By a date and in a manner and form specified by the Commission in writing, SA Water must prepare a pricing statement in respect of each regulatory year, containing at least the following matters:

- (a) a pricing schedule, setting out the prices which SA Water will charge customers for the sale and supply of recycled water retail services for that regulatory year, and
- (b) a pricing policy statement which demonstrates the manner in which the prices that SA Water will charge customers for the sale and supply of recycled water retail services for that regulatory year meet the requirements of clause 2.1.

2.2.2 SA Water must prepare the pricing statement required under clause 2.2.1 in respect of the 2024-25 regulatory year (and provide a copy of that pricing statement to the Commission) as soon as practicable after a copy of this price determination is sent to SA Water under section 26(3)(a) of the Water Industry Act 2012 (and in any event before 1 July 2024 and without the need for the Commission to specify a date under clause 2.2.1).

2.3 Publication obligations in respect of recycled water retail services

- 2.3.1 In respect of each pricing statement prepared under clause 2.2.1, SA Water must:
- (a) provide a copy of that pricing policy statement to the Commission
 - (b) publish a copy of that pricing policy statement on its website, in a prominent and readily accessible position, and
 - (c) provide a copy (free of charge) to a customer on request (provided that SA Water may charge for the provision of a copy of the pricing policy statement upon a second or subsequent request by the same customer within the period of that regulatory year).

CONSULTATION DRAFT

3 Price Regulation of Excluded Retail Services

3.1 Price control for excluded retail services

3.1.1 In setting prices for excluded retail services for each regulatory year, SA Water must comply with the following NWI pricing principles:

- (a) Principle 1 for the Recovery of Capital Expenditure: Cost recovery for new capital expenditure
- (b) Principle 7 for Urban Water Tariffs: Differential water charges
- (c) Principle 8 for Urban Water Tariffs: Setting developer charges
- (d) Principle 9 for Urban Water Tariffs: Capping developer charges, and
- (e) Principle 10 for Urban Water Tariffs: Revenue from developer charges.

3.1.2 In addition to the requirements of clause 3.1.1:

- (a) where an excluded retail service is provided for the sole benefit of one customer, that customer should pay the full efficient cost of the service and other customers should not be required to contribute to the cost of the service
- (b) where an excluded retail service is provided to a distinct group of customers, the prices charged to those customers should reflect:
 - (i) the incremental cost of supply of that excluded retail service to those customers, and
 - (ii) a reasonable allocation of the fixed costs of providing that excluded retail service, and
- (c) prices should reflect the efficient cost of provision of the relevant excluded retail service, provided that in circumstances where the cost of implementing differentiated prices to different customers is more likely than not to outweigh the benefits, undifferentiated prices may be implemented.

3.1.3 In addition to the matters specified under clause 3.1.1, 3.1.2 and clause 3.2.4, in setting prices for excluded retail services for each regulatory year, SA Water must also comply with any principles, requirements or matters specified by the Commission in an industry code, industry rule or guideline (as in force from time to time) applicable to the provision of excluded retail services.

3.2 Pricing justification for excluded retail services

3.2.1 By a date and in a manner and form specified by the Commission in writing, SA Water must prepare a pricing statement in respect of each regulatory year, containing at least the following matters:

- (a) a pricing schedule, setting out the prices which SA Water will charge customers for the sale and supply of excluded retail services for that regulatory year, and
- (b) a pricing policy statement which demonstrates the manner in which the prices that SA Water will charge customers for the sale and supply of

excluded retail services for that regulatory year meet the requirements of clause 3.1.

- 3.2.2 Clause 3.2.1(a) does not apply in respect of an excluded retail service that is of a nature which precludes SA Water (acting reasonably and in good faith) from publishing the relevant prices or unit prices in advance of a request from a customer for the provision of the particular excluded retail service.
- 3.2.3 SA Water must prepare the pricing policy statement required under clause 3.2.1 in respect of the 2024-25 regulatory year (and provide a copy of that pricing statement to the Commission) as soon as practicable after a copy of this price determination is sent to SA Water under section 26(3)(a) of the Water Industry Act 2012 (and in any event before 1 July 2024 and without the need for the Commission to specify a date under clause 3.2.1).
- 3.2.4 SA Water must, at the request of a customer, provide credible, evidence-based and transparent information as to how the costs and prices for excluded retail services have been calculated, derived and applied, such information must be provided within a reasonable time having regard to the complexity of responding to the particular request.

3.3 Publication obligations in respect of excluded retail services

- 3.3.1 In respect of a pricing policy statement prepared under clause 3.2.1, SA Water must:
 - (a) provide a copy of that pricing policy statement to the Commission
 - (b) publish a copy of that pricing policy statement on its website, in a prominent and readily accessible position, and
 - (c) provide a copy (free of charge) to a customer on request (provided that SA Water may charge for the provision of a copy of the pricing policy statement following any second or subsequent request by the same customer within the period of that regulatory year).



The Essential Services Commission
Level 1, 151 Pirie Street Adelaide SA 5000
GPO Box 2605 Adelaide SA 5001
T 08 8463 4444

E escosa@escosa.sa.gov.au | W www.escosa.sa.gov.au