PROFORMA PM3.1

*Pricing Policy Questionnaire – Draft for Consultation*

May 2015

|  |
| --- |
| Pricing Policy Questionnaire of [insert name of retailer] for Water Retail Services Prices set for 2015-16 |
| *a*   |  | | --- | | **Instructions for completion:**   1. Complete all questions below in the space provided. 2. This questionnaire should be completed in conjunction with the Retailer’s *Pricing Schedule* (refer to *Proforma PM1.1) and* *Pricing Policy Statement* (refer to *Proforma PM2.1)* available in Water Industry Guideline No.3, available at <http://www.escosa.sa.gov.au/water-overview/reporting-and-compliance/reporting-minor-intermediate-retailers.aspx>. 3. A licensee must send a completed template to [reporting@escosa.sa.gov.au](mailto:reporting@escosa.sa.gov.au) by no later than 30 November. 4. For guidance in completing this questionnaire, please refer to:    1. The Commission’s Final Decision on the Economic Regulation of Minor and Intermediate Retailers of Water and Sewerage Services (Price Determination) (Pages 23 to 46), available at: <http://www.escosa.sa.gov.au/library/130627-EconomicRegulationMinorIntermediateRetailers-FinalDecision_0.pdf>.    2. The National Water Initiative Pricing Principles, available at: <http://www.environment.gov.au/system/files/resources/34dbb722-2bfa-48ac-be7e-4e7633c151ed/files/nwi-pricing-principles.pdf>.    3. Retailer reporting information, available at: <http://www.escosa.sa.gov.au/water-overview/reporting-and-compliance/reporting-minor-intermediate-retailers.aspx>. 5. For assistance please email [reporting@escosa.sa.gov.au](mailto:reporting@escosa.sa.gov.au) or phone the Commission on 08 8463 4444. | |  | |

|  |  |  |
| --- | --- | --- |
| 1. *Please note any changes your organisation has made in 2014-15 with regards to:*  * *ring-fencing[[1]](#footnote-1) of costs and revenues* * *asset management plans* * *valuation of assets/infrastructure*   *relating to regulated water and/or sewerage retail services[[2]](#footnote-2) you provide.*   |  | | --- | | *Include a brief description of changes in 2014-15.* | |  |

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 1. *Do you provide a* ***Drinking Water Retail Services****?* Choose an item.   *If you answered ‘yes’, please describe the current level of compliance with:*   * *each National Water Initiative Pricing Principle for the recovery of capital expenditure (Principles 1 to 6).* * *each National Water Initiative Pricing Principle for setting urban water tariffs (Principles 1 to 10).* * *each of the four additional guiding principles for Developer/Augmentation charges (as set out in the Commission’s Price Determination[[3]](#footnote-3)).*   ***Recovery of Capital Expenditure (Drinking Water Retail Services)***   | **Pricing Principle** | **Compliance  Self-Assessment** | **Remedial Plan to Achieve Full Compliance** | | --- | --- | --- | | Principle 1: Cost recovery for new capital expenditure | Choose an item. | *For partial compliance or non-compliance, describe the steps planned to transition towards full compliance. Include estimated date for full compliance.* | | Principle 2: Valuation of new assets | Choose an item. |  | | Principle 3: Valuation of legacy assets | Choose an item. |  | | Principle 4: Recovery of legacy capital expenditure | Choose an item. |  | | Principle 5: Rolling forward asset values after the legacy date | Choose an item. |  | | Principle 6: Contributed assets | Choose an item. |  | |

|  |  |
| --- | --- |
| ***Setting Urban Water Tariffs (Drinking Water Retail Services)*** |  |
| | **Pricing Principle** | **Compliance  Self-Assessment** | **Remedial Plan to Achieve Full Compliance** | | --- | --- | --- | | Principle 1: Cost recovery | Choose an item. | *For partial compliance or non-compliance, describe the steps planned to transition towards full compliance. Include estimated date for full compliance.* | | Principle 2: Tariff structures | Choose an item. |  | | Principle 3: Cost reflective tariffs | Choose an item. |  | | Principle 4: Setting the service availability charge | Choose an item. |  | | Principle 5: Pricing transparency | Choose an item. |  | | Principle 6: Over recovery of revenue | Choose an item. |  | | Principle 7: Differential water charges | Choose an item. |  | | Principle 8: Setting developer charges | Choose an item. |  | | Principle 9: Capping developer charges | Choose an item. |  | | Principle 10: Revenue from developer charges | Choose an item. |  | | |

***Developer and Augmentation Charges (Drinking Water Retail Services)[[4]](#footnote-4)***

| **Pricing Principle** | **Compliance  Self-Assessment** | **Remedial Plan to Achieve Full Compliance** |
| --- | --- | --- |
| Servicesfor the sole benefit of the recipient, the beneficiary should pay the full cost of the service and other customers should not be required to contribute to the cost of the service through water tariffs. | Choose an item. | *For partial compliance or non-compliance, describe the steps planned to transition towards full compliance. Include estimated date for full compliance.* |
| Servicesto a distinct group of customers, prices to a customer should reflect the incremental cost of supplying the service to the customer, and a reasonable allocation of the fixed costs of providing the service, where relevant. | Choose an item. |  |
| Prices should reflect the efficient cost of the particular service provided, although in circumstances where the cost of implementing differentiated prices to different **customers** is likely to outweigh the benefits, non-differentiated prices can be implemented. | Choose an item. |  |
| A **licensee** must be able to provide transparent information to **customers** on how the costs for **other water services** have been calculated, or are to be applied, and must be able to support their position in the event of a dispute. | Choose an item. |  |

1. *Do you provide a* ***Sewerage Retail Services****?* Choose an item.

*If you answered ‘yes’, please describe the current level of compliance with:*

* *each National Water Initiative Pricing Principle for the recovery of capital expenditure (Principles 1 to 6).*
* *each National Water Initiative Pricing Principle for setting urban water tariffs (Principles 1 and 4 to 10).*
* *each of the four additional guiding principles for Developer/Augmentation charges (as set out in the Commission’s Price Determination[[5]](#footnote-5)).*

***Recovery of Capital Expenditure (Sewerage Retail Services)***

| **Pricing Principle** | **Compliance  Self-Assessment** | **Remedial Plan to Achieve Full Compliance** |
| --- | --- | --- |
| Principle 1: Cost recovery for new capital expenditure | Choose an item. | *For partial compliance or non-compliance, describe the steps planned to transition towards full compliance. Include estimated date for full compliance.* |
| Principle 2: Valuation of new assets | Choose an item. |  |
| Principle 3: Valuation of legacy assets | Choose an item. |  |
| Principle 4: Recovery of legacy capital expenditure | Choose an item. |  |
| Principle 5: Rolling forward asset values after the legacy date | Choose an item. |  |
| Principle 6: Contributed assets | Choose an item. |  |

***Setting Urban Water Tariffs (Sewerage Retail Services)[[6]](#footnote-6)***

| **Pricing Principle** | **Compliance  Self-Assessment** | **Remedial Plan to Achieve Full Compliance** |
| --- | --- | --- |
| Principle 1: Cost recovery | Choose an item. | *For partial compliance or non-compliance, describe the steps planned to transition towards full compliance. Include estimated date for full compliance.* |
| Principle 4: Setting the service availability charge | Choose an item. |  |
| Principle 5: Pricing transparency | Choose an item. |  |
| Principle 6: Over recovery of revenue | Choose an item. |  |
| Principle 7: Differential water charges | Choose an item. |  |
| Principle 8: Setting developer charges | Choose an item. |  |
| Principle 9: Capping developer charges | Choose an item. |  |
| Principle 10: Revenue from developer charges | Choose an item. |  |

***Developer and Augmentation Charges (Sewerage Retail Services)[[7]](#footnote-7)***

| **Pricing Principle** | **Compliance  Self-Assessment** | **Remedial Plan to Achieve Full Compliance** |
| --- | --- | --- |
| Servicesfor the sole benefit of the recipient, the beneficiary should pay the full cost of the service and other customers should not be required to contribute to the cost of the service through water tariffs. | Choose an item. | *For partial compliance or non-compliance, describe the steps planned to transition towards full compliance. Include estimated date for full compliance.* |
| Servicesto a distinct group of customers, prices to a customer should reflect the incremental cost of supplying the service to the customer, and a reasonable allocation of the fixed costs of providing the service, where relevant. | Choose an item. |  |
| Prices should reflect the efficient cost of the particular service provided, although in circumstances where the cost of implementing differentiated prices to different **customers** is likely to outweigh the benefits, non-differentiated prices can be implemented. | Choose an item. |  |
| A **licensee** must be able to provide transparent information to **customers** on how the costs for **other water services** have been calculated, or are to be applied, and must be able to support their position in the event of a dispute. | Choose an item. |  |

1. *Do you provide a* ***Recycled Water and Stormwater Retail Services****?* Choose an item.

*If you answered ‘yes’, please describe the current level of compliance with the National Water Initiative Pricing Principles for recycled water and stormwater use (Principles 1 to 9).*

| **Pricing Principle** | **Compliance  Self-Assessment** | **Remedial Plan to Achieve Full Compliance** |
| --- | --- | --- |
| Principle 1: Flexible regulation | Choose an item. | *For partial compliance or non-compliance, describe the steps planned to transition towards full compliance. Include estimated date for full compliance.* |
| Principle 2: Cost allocation | Choose an item. |  |
| Principle 3: Water usage charge | Choose an item. |  |
| Principle 4: Substitutes | Choose an item. |  |
| Principle 5: Differential pricing | Choose an item. |  |
| Principle 6: Integrated water resource planning | Choose an item. |  |
| Principle 7: Cost recovery | Choose an item. |  |
| Principle 8: Transparency | Choose an item. |  |
| Principle 9: Gradual approach | Choose an item. |  |

1. *Do you provide* ***Other Ancillary and Related Retail Services****?*[[8]](#footnote-8) Choose an item.

*If you answered ‘yes’, please describe the current level of compliance with each of the four guiding principles set out in the Commission’s Price Determination.[[9]](#footnote-9)*

| **Pricing Principle** | **Compliance  Self-Assessment** | **Remedial Plan to Achieve Full Compliance** |
| --- | --- | --- |
| Servicesfor the sole benefit of the recipient, the beneficiary should pay the full cost of the service and other customers should not be required to contribute to the cost of the service through water tariffs. | Choose an item. | *For partial compliance or non-compliance, describe the steps planned to transition towards full compliance. Include estimated date for full compliance.* |
| Servicesto a distinct group of customers, prices to a customer should reflect the incremental cost of supplying the service to the customer, and a reasonable allocation of the fixed costs of providing the service, where relevant. | Choose an item. |  |
| Prices should reflect the efficient cost of the particular service provided, although in circumstances where the cost of implementing differentiated prices to different **customers** is likely to outweigh the benefits, non-differentiated prices can be implemented. | Choose an item. |  |
| A **licensee** must be able to provide transparent information to **customers** on how the costs for **other water services** have been calculated, or are to be applied, and must be able to support their position in the event of a dispute. | Choose an item. |  |

1. In this context, ring-fencing means the practice of removing a set of assets, costs or revenues, from a set of accounts and considering them separately. [↑](#footnote-ref-1)
2. The *Water Industry Act 2012* defines a “retail service” as:

   the sale and supply of water to a person for use where the water is to be conveyed by a reticulated system; or

   the sale and supply of sewerage services (the collection, storage, treatment or conveyance of sewage through a reticulated system) for the removal of sewage. [↑](#footnote-ref-2)
3. Refer p.46 <http://www.escosa.sa.gov.au/projects/182/economic-regulation-of-minor-and-intermediate-water-retailers.aspx> [↑](#footnote-ref-3)
4. Developer/augmentation fees and charges exist in a number of areas across the State where development activity (e.g. new land divisions) is proposed or ongoing and water/sewerage services infrastructure either does not exist or does not have sufficient capacity to accommodate the new development. [↑](#footnote-ref-4)
5. Refer p.46 <http://www.escosa.sa.gov.au/projects/182/economic-regulation-of-minor-and-intermediate-water-retailers.aspx> [↑](#footnote-ref-5)
6. The Price Determination sets out that most of the National Water Initiative Pricing Principles for setting urban water tariffs should also apply for the setting of urban sewerage service tariffs (refer pp 35-37 <http://www.escosa.sa.gov.au/projects/182/economic-regulation-of-minor-and-intermediate-water-retailers.aspx>). [↑](#footnote-ref-6)
7. Developer/augmentation fees and charges exist in a number of areas across the State where development activity (e.g. new land divisions) is proposed or ongoing and water/sewerage services infrastructure either does not exist or does not have sufficient capacity to accommodate the new development. [↑](#footnote-ref-7)
8. These services include connections and disconnections, installation of additional water meters to community/strata units and special meter readings. [↑](#footnote-ref-8)
9. Refer p.46 <http://www.escosa.sa.gov.au/projects/182/economic-regulation-of-minor-and-intermediate-water-retailers.aspx> [↑](#footnote-ref-9)