

17 April 2019

Mr Adam Wilson  
Chief Executive  
Essential Services Commission of South Australia  
GPO Box 2605  
Adelaide SA 5001  
E: [escosa@escosa.sa.gov.au](mailto:escosa@escosa.sa.gov.au)

Dear Adam

### **Third Party Access Regime Review – Draft Report**

Thank you for the opportunity to respond to the draft report regarding the review of the Third-Party Access (TPA) Regime under *The Water Industry Act 2012*, published on the ESCOSA website on 18 March 2019.

We are encouraged by the draft report finding which supports the continuation of the Regime for a 5-year period from 1 July 2019. This reflects our strong support of the regime in the interest of supporting fair competition within the industry and creating beneficial outcomes for customers. The Regime provides parties interested in accessing water and wastewater infrastructure the assurance of timely, consistent and reliable information, and a formal process for negotiation and dispute resolution.

The draft report notes feedback from some stakeholders that the effectiveness of the Regime may be weakened by two factors:

- the use of the Access Pricing Direction (in combination with the existing state-wide pricing policy)
- The lack of a mechanism (and clear established criteria) for access seekers to apply to have infrastructure services declared

While the report notes these two factors are not fundamental to the regime, the report concludes that they are potentially worthy of further for review by the Government. Our position on these factors is discussed below.

### **Retail minus pricing methodology**

We note that stakeholders raised concerns about the cost of obtaining access to water infrastructure appearing to relate to the presence of state-wide pricing, rather than being critical of the retail-minus approach as such.

As noted in our December 2018 public consultation submission, any review of the access pricing methodology will need to ensure SA Water customers are not artificially disadvantaged by access seekers 'cherry picking' low cost to service areas as this would result in the remaining customer base paying higher prices. Therefore, any review of access pricing methodology will also need to consider the impact of state wide pricing.

## **Declaration of Infrastructure**

In any review of the declaration of key infrastructure, there is the opportunity to consider if the regime could be extended to incorporate all water utilities who have infrastructure that could be declared. This could benefit and further support competition among both public and private enterprises in the sector and will help to bring competitive pressure to all participants for the ultimate benefit of customers.

If you have any queries about this submission please contact Richard Cawley, Senior Manager, Regulation, by phone 08 7424 1624 or email [Richard.Cawley@sawater.com.au](mailto:Richard.Cawley@sawater.com.au).

Yours Sincerely



Roch Cheroux  
**Chief Executive**