



Robusto Investments Pty Ltd – Application for a review



On 25 May 2021, the Commission made a price determination to apply to Robusto Investments Pty Ltd (**Robusto**).

The price determination sets out the maximum total revenue that Robusto can recover from its residential customers and one non-residential customer (Mount Compass Sand and Loam) and the maximum prices that can be charged to residential customers over the regulatory period (ie 1 April 2021 to 30 June 2022). The maximum total revenue set by the Commission for the regulatory period is \$248,395 (in nominal terms). The maximum nominal prices set by the Commission for residential customers are:

- ▶ a quarterly supply charge of \$92.26
- ▶ a Tier 1 (0-30kL) charge of \$3.36 per kL,
- ▶ a Tier 2 (30-130kL) charge of \$4.81 per kL and
- ▶ a Tier 3 (>130kL) charge of \$5.20 per kL.

On 23 June 2021, Robusto lodged an application for a review of the price determination made by the Commission in accordance with section 31 of the Essential Services Commission Act 2002 (Act). The Act allows an entity to which a price determination applies to seek a review of that determination by the Commission by lodging an application within 20 working days of the determination being made. Robusto has lodged such an application.

The process initiated by Robusto under section 31 of the Act is different to the other consultative processes undertaken by the Commission when making regulatory decisions. In this circumstance, the Act only permits submissions to be made by the entity to which the price determination applies (ie Robusto) and the Minister responsible for administering the Act, being the Treasurer, should they wish to do so. Accordingly, the Commission cannot seek public submissions on this application for a review.

The key variations to the price determination that Robusto is seeking through its application for a review are:

1. An interim variation of the determination to exclude any restriction in respect of income from non-residential customers in relation to the supply of water when that water is not intended for human consumption.
2. A variation of the determination to increase the maximum total revenue from \$248,395 per annum in nominal terms to \$597,033 per annum (in dollars at June 2021) or \$746,291 for the regulatory period. The explanation of the calculation of the sum of \$597,033 is as follows:
 - (a) Pricing Submission \$264,495
 - (b) Depreciation \$88,300
 - (c) Return on Capital \$135,000
 - (d) Amortised losses \$109,239

The pricing submission is the original pricing submission lodged by Robusto in March 2017, escalated by 3% per annum to 2021 figures.
3. A variation of the determination to increase the maximum supply and consumption charges as follows:

	Current (as set by the Commission)	Sought by Robusto on review
Quarterly supply charge	\$92.26	\$722.00
Tier 1 charge per kL	\$3.36	\$3.38
Tier 2 charge per kL	\$4.81	\$4.50
Tier 3 charge per kL	\$5.20	\$5.63

In accordance with the requirements of section 31 of the Act, the Commission must:

1. Within 10 weeks of the application being lodged, consider the application and determine whether to confirm, vary or substitute the price determination or any specific pricing decisions within it. This process has commenced.
2. Upon the conclusion of the review, give Robusto written notice of the Commission's decision, and the reasons for the decision.

If the Commission decides to vary or substitute the price determination, the Commission must do so by making a further determination in accordance with Part 3 of the Act, noting that a further determination cannot be the subject of another application for a review by the Commission.

The Commission will advise all stakeholders of the outcome of the review upon its completion, scheduled for 1 September 2021.

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