



Robusto Investments Pty Ltd Application for a review 2023

On 14 June 2023, the Essential Services Commission (**Commission**) made a [preservation regulatory determination](#) to apply to Robusto Investments Pty Ltd (**Robusto Investments**) for the 24-month regulatory period 1 July 2023 to 30 June 2025.

Further information on the preservation regulatory determination, application for a review and previous determinations is provided in the sections below.

Application for a review

On 26 July 2023, Robusto Investments lodged an application for a review of the preservation regulatory determination made by the Commission pursuant to 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 Investments has lodged such an application, which is available to view on the [Commission's website](#).

In that application Robusto Investments has stated that it:

'... seeks the following alternative outcomes based upon the period of the Determination.

5. Robusto says that the Determination should be for no more than 12 months. On this basis it seeks a variation of the Determination to increase the Maximum Revenue control figure for the financial year 2023/24 from \$204,034 (2.1.2 in the Determination) to \$739,012.

6. In the alternative if the Determination is for 24 months, it seeks a variation of the Determination to increase the Maximum Revenue control figure for the two financial years 2023/24 and 2024/25 from \$414,189 (2.1.1 in the Determination) to \$1,500,194 which comprises:-

6.1 2023/24 - \$739,012.

6.2 2024/25 - \$761,182.'

Next steps

The process initiated by Robusto Investments 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 Investments) and the Minister responsible for the administration of the Act (the Treasurer) should they wish to do so. Accordingly, the Commission cannot seek public submissions on this application for a review.

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

- ▶ 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.
- ▶ Upon the conclusion of the review, give Robusto Investments 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.

The preservation determination

The preservation determination carries forward the substantive terms of the previous regulatory determination (such as the determination of efficient and prudent costs and the maximum revenue in inflation-adjusted terms that can be recovered by Robusto Investments). It limited variations to only those price-setting-based parameters where the Commission determined there was new, relevant and verifiable information which justified adjustments being made (for example, customer numbers and inflation).

The 24-month term of operation allows for and promotes, engagement, consultation and stakeholder input into a comprehensive review to inform a subsequent determination to apply to Robusto Investments. The term of operation allows the Commission to assess Robusto Investments latest expenditure proposals. This includes allowing for information gathering and analysis relating to, among other things, capital expenditure, asset values, demand and customer consumption, and operating expenditure.

The maximum revenue that Robusto Investments can recover over the 24-month regulatory period from residential customers and one non-residential customer is set at \$414,189 (in nominal terms) and \$359,472 (in real, December 2018 prices).

The Commission also prescribed the methodology for setting the maximum prices that Robusto Investments may charge its residential customers. The maximum prices for 2024-2025 are to be published by the Commission in May 2024, following the collection of further information from Robusto Investments in early 2024.

In reaching its final decision, the Commission took into account the information and views contained in submissions. Submissions were received from Robusto Investments and other stakeholders.

Background

Since 2021, the Commission has put in place separate regulatory determinations applying to Robusto Investments, which set the maximum revenues that may be recovered from residential customers and one non-residential customer, and the maximum prices that could be charged to residential customers. A summary of those determinations, and subsequent reviews, are as follows:

- ▶ On 25 May 2021, the Commission made a regulatory determination to apply for the period 1 April 2021 to 30 June 2022 (inclusive). In response to that determination, Robusto Investment submitted an internal review application under the Act.
- ▶ On 26 August 2021, following the internal review, the Commission made a regulatory determination to apply for the period 1 April 2021 to 30 June 2022 (inclusive). This determination confirmed the 25 May 2021 decision and made a variation to adjust for operating expenses.
- ▶ On 8 September 2021, under Section 32 of the Act, Robusto Investments lodged an application with the South Australian Civil and Administrative Tribunal (Tribunal) for an external review of the Commission's regulatory determination made on 26 August 2021. That external review remains before the Tribunal.
- ▶ On 24 June 2022, the Commission made a new regulatory determination to apply for the period 1 July 2022 to 30 June 2023 (inclusive).
- ▶ Please refer to the [project page](#) for further information on previous determinations.
- ▶ On 14 June 2023, the Commission made a new preservation regulatory determination to apply for the period 1 July 2023 to 30 June 2025 (inclusive).
- ▶ Please refer to the [project page](#) for further information on the preservation regulatory determination and to view the application for a review.
- ▶ Have further questions? Please email reviews@escosa.sa.gov.au.

The Essential Services Commission is an independent statutory authority with functions in a range of essential services including water, sewerage, electricity, gas, rail and maritime services, and also has a general advisory function on economic matters. For more information, visit www.escosa.sa.gov.au.

This Fact Sheet has been published pursuant to section 8 of the Essential Services Commission Act 2002, to assist consumers and others by providing information in relation to the performance of the Commission's statutory functions, including its price regulation and internal review functions under that Act and relevant industry regulation Acts.

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