



Price Determination

SA Water's water and sewerage retail services: 1 July 2024 – 30 June 2028

Price Determination

1 July 2024

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CONSULTATION DRAFT

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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 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:
- (a) regulates the total revenues which SA Water may recover from the sale and supply of water retail services and sewerage retail services during the regulatory period
 - (b) establishes mechanisms for adjusting revenues under a subsequent price determination to account for:
 - (i) material variances in water retail service demand during the regulatory period as compared with the forecasts assumed under this price determination
 - (ii) the occurrence of material changes in costs or expenses incurred by SA Water, in respect of the sale and supply of water retail services or sewerage retail services, arising from pass-through events (as the Commission determines appropriate) during the regulatory period
 - (iii) any revenue earned by SA Water in connection with the temporary leasing of a River Murray Water Licence
 - (iv) variances between forecast and actual revenue earned by SA Water from the provision of services that are not retail services, but are provided through the use of regulated infrastructure used to provide retail services, and
 - (v) contingent projects/programs that are not incorporated into revenue caps under this price determination because of a specified contingency (or trigger) event and which are approved by the Commission in accordance with clause 2.13.12.

1.3 Term and commencement

- 1.3.1 This price determination applies for the period 1 July 2024 to 30 June 2028 (inclusive).
- 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.

1.4 Revocation of previous determination

- 1.4.1 Pursuant to section 26(8) of the Essential Services Commission Act 2002, on and from 1 July 2020, this price determination revokes the 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.
- 1.4.2 Nothing in this price determination affects anything done or omitted to be done or rights or obligations accrued under the 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.

1.5 Definitions and interpretation

- 1.5.1 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.
- 1.5.2 Subject to clause 1.5.1, 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).

change in legal obligation event means the occurrence of an event under which a new and legally binding obligation is placed on SA Water which has a material impact on the cost of provision of a water retail service or a sewerage retail service during the regulatory period.

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.

extraordinary event means an event the occurrence of which meets each and every one of the criteria below:

- (a) the event was unforeseen or alternatively, if it was foreseen or should reasonably have been foreseen, the timing and impacts of which could not be reasonably quantified at the time that this price determination was made

- (b) the event was or is (as the case may be) beyond the control of SA Water (acting prudently and efficiently), and
- (c) the event has or will have (as the case may be) a material impact on the cost of provision of a water retail service or a sewerage retail service during the regulatory period.

contingent project/program means a major capital project or program that is specified in a written statement submitted to the Commission in accordance with the requirements of clause 2.13 and which must satisfy the following criteria:

- (a) be contingent on a particular condition(s) or event(s) occurring (which must be explained in detail, including how the contingency has prevented the project/program from being included in SA Water's most recent Regulatory Business Proposal)
- (b) be non-discretionary in nature (supported by sufficient evidence), and
- (c) the value of the proposed capital expenditure associated with the project/program exceeds \$50 million.

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).

pass-through event means either of the following:

- (a) a change in legal obligation event; and/or
- (b) an extraordinary event.

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.

regulated infrastructure means, for the purposes of clauses 2.1.1(e) and 2.12 only, infrastructure owned or leased by SA Water which is used for the dominant purpose of providing water retail services, recycled water retail services and/or sewerage retail services.

Regulatory Business Proposal means the written regulatory business proposal submitted by SA Water to the Commission on 22 August 2023.

regulatory period means the period 1 July 2024 to 30 June 2028 (inclusive).

regulatory year means each 12-month period commencing 1 July and ending on 30 June the following calendar year (for example, the regulatory year for 2024 will commence on 1 July 2024 and will end on 30 June 2025), during the regulatory period.

retail services means the sale and supply by SA Water of either water retail services, recycled water retail services and/or sewerage retail services

River Murray Water Licence means a licence granted to or held by SA Water under the Natural Resources Management Act 2004 or the Landscape South Australia Act 2019 for the purposes of extracting water from the River Murray.

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

sewerage retail services means the sale and supply of sewerage services for the removal of sewage, but does not include excluded retail services.

subsequent price determination means any later price determination made by the Commission pursuant to the Essential Services Commission Act 2002, in accordance with section 35 of the Water Industry Act 2012, to apply to the subsequent regulatory period following the end of the regulatory period in this price determination.

subsequent regulatory period means the operational period of any later price determination made by Commission pursuant to the Essential Services Commission Act 2002 and in accordance with section 35 of the Water Industry Act 2012, to take effect from 1 July 2028.

water retail services means the sale and supply of:

- (a) services constituted by the collection, storage, production, treatment, conveyance, reticulation or supply of water; or
- (b) any other services, or any services of a class, brought within the ambit of this definition by the Water Industry Act Regulations 2012,

but does not include excluded retail services;

1.5.3 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.

1.6 Revoking or varying decisions

- 1.6.1 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.
- 1.6.2 If the Commission revokes and substitutes a new decision or varies a decision under clause 1.6.1 (as the case may be), that new or varied decision takes effect on the date specified by the Commission in a written notice.
- 1.6.3 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.

1.7 Modification of time periods

- 1.7.1 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.
- 1.7.2 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.
- 1.7.3 If the Commission makes a request for information or documents under clause 1.7.2, 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.

1.8 Reviews of decisions

- 1.8.1 SA Water may make a written application to the Commission for a review of a decision made, or deemed to have been made, under this price determination.
- 1.8.2 The grounds for a review under this clause 1.8 are that a decision made, or deemed to have been made, under this price determination:
 - (a) was not made in accordance with the requirements of this price determination
 - (b) is unreasonable having regard to all of the relevant circumstances,
 - (c) is based wholly or partly on an error of fact in a material respect, or
 - (d) is, at the discretion of the Commission, considered otherwise necessary.
- 1.8.3 An application for a review of a decision must:
 - (a) be in writing
 - (b) set out the decision made, or deemed to have been made, under this price determination to which the application relates
 - (c) set out in detail the grounds on which SA Water seeks the review and the decision sought on the review
 - (d) be accompanied by any information or supporting documents that SA Water considers should be taken into account by the Commission in the review, and
 - (e) be lodged with the Commission within 10 business days after the decision is made, or deemed to have been made, under this price determination, is published, or within such further time as approved by the Commission in accordance with clause 1.8.4 below.
- 1.8.4 Where there are appropriate reasons for a delay in applying for a review, the Commission may, in its absolute discretion, authorise (in writing) a review of a decision beyond 10 business days after the decision was published.
- 1.8.5 The Commission will not review a decision made, or deemed to have been made, under this price determination, where it determines that:
 - (a) The application for review is frivolous or vexatious, or made for an improper purpose
 - (b) the subject matter of the application is trivial, misconceived or lacking in substance, or
 - (c) there is some other good reason as determined by the Commission not to proceed with the review.
- 1.8.6 If the Commission reviews a decision made, or deemed to have been made, under this price determination the Commission:
 - (a) will publish a copy of the application on its website, and

- (b) may invite submissions on the matter the subject of the review in a manner and within a period specified by the Commission.
- 1.8.7 A review will be determined within 6 weeks of the application being lodged with the Commission.
- 1.8.8 Subject to clause 1.7.1, if a review is not determined within that period, the Commission will be taken to have confirmed the decision made, or deemed to have been made, under this price determination on the same grounds on which the original decision was made.
- 1.8.9 After conducting the review, the Commission may confirm, vary or substitute the decision.
- 1.8.10 Where an application is made for a review under clause 1.8.1, in its discretion, the Commission may stay or suspend the implementation or enforcement of any decision.
- 1.8.11 The Commission will give SA Water and any other person who provides a submission to the review written notice of the Commission's decision under clause 1.8.9 and the reasons for that decision.
- 1.8.12 A decision of the Commission made under clause 1.8.9 1.8.9 may not be the subject of a subsequent application for review under this clause 1.8 or subject to any other reconsideration by the Commission.

1.9 Forecasts and estimates

- 1.9.1 For the purposes of statements provided by SA Water under this price determination, all:
 - (a) forecasts of demand and revenue for the regulatory period must be based on the best forecasts available at the time the statement is prepared, and
 - (b) estimates of demand and revenue for the regulatory period must be based on the actual results available for the regulatory period at the time that the statement is prepared and the best forecasts available for the remainder of the regulatory period.

2 Revenue regulation of water retail services and sewerage retail services

2.1 Water and sewerage retail services revenue control

- 2.1.1 Clauses 2.2 to 2.13(inclusive) establish:
- (a) in accordance with the Pricing Orders, a separate total revenue control for water retail services and sewerage retail services, respectively, which will not vary in real terms during the regulatory period, except as allowed by the Pricing Orders
 - (b) in accordance with the Pricing Orders, a demand variation revenue adjustment mechanism
 - (c) in accordance with the Pricing Orders, a pass-through revenue adjustment mechanism
 - (d) an adjustment mechanism to net off any revenue earned by SA Water associated with the temporary leasing of its River Murray Water Licences
 - (e) an adjustment mechanism to net off 10 percent of any revenue earned by SA Water from the provision of services that are not retail services, but which are provided through the use of regulated infrastructure that is used for providing water retail services, recycled water retail services and/or sewerage retail services, and
 - (f) an adjustment mechanism allowing for the approval of efficient costs associated with contingent projects/programs which may be approved by the Commission, but not incorporated into revenue caps under this price determination because of a specified contingency.
- 2.1.2 The revenue adjustment mechanisms referred to in clauses 2.1.1(a) to (f) (inclusive) will, in combination, be used in determining any revenue adjustment amount to be incorporated into a subsequent price determination for water retail services and sewerage retail services provided by SA Water (as the case may be).

2.2 Maximum water retail services revenues

- 2.2.1 In setting water retail services prices to apply during the regulatory period, SA Water must ensure that water retail services revenues during the regulatory period do not, subject to clause 2.2.2, exceed \$3,550 million (expressed as a present value at 1 July 2024, in dollars of December 2022).
- 2.2.2 Where actual water retail services demand exceeds forecast water retail services demand, SA Water may recover water retail services revenues in excess of the maximum water retail services revenues specified in clause 2.2.1, in the amount calculated under clause 2.4.2 as the sales revenue adjustment amount (RA_D).

2.3 Calculation of present values of water retail services revenues

- 2.3.1 In calculating the present value of revenues under clause 2.2 and clause 2.4, the Commission will, apply the following discount factors in the following manner:

- (a) for the 2024-25 regulatory year, actual water retail services revenues (in dollars of December 2022) will be multiplied by 0.97884
- (b) for the 2025-26 regulatory year, actual water retail services revenues (in dollars of December 2022) will be multiplied by 0.93732
- (c) for the 2026-27 regulatory year, actual water retail services revenues (in dollars of December 2022) will be multiplied by 0.89631, and
- (d) for the 2027-28 regulatory year, estimated water retail services revenues (in dollars of December 2022) will be multiplied by 0.85571.

2.3.2 In calculating the present value of water retail services revenues under clause 2.2 and clause 2.4, the Commission will deflate actual water retail services revenues in each regulatory year to revenues in dollars of December 2022 using the change in December to December Consumer Price Index, All Groups Index Number (weighted average of eight capital cities) published by the Australian Bureau of Statistics for each relevant year, or the best available forecast or the best available forecast (as the case may be) for the change in December to December Consumer Price Index, All Groups Index Number (weighted average of eight capital cities) for each relevant year.

2.4 Water retail services revenue adjustment mechanism

2.4.1 Prior to the commencement of the subsequent regulatory period, the Commission will calculate a water retail services revenue adjustment amount (RA_D), which will be subtracted from the maximum water retail services revenues determined as part of the subsequent price determination.

2.4.2 RA_D will be calculated as follows (and expressed as a present value at 1 July 2024, in dollars of December 2022):

$RA_D = V_D + R_D$, where

(a) V_D (expressed as a present value at 1 July 2024, in dollars of December 2022) is the water demand variation revenue adjustment and equals:

(i) $0.5 \cdot (A_D - N_D)$

(b) R_D (expressed as a present value at 1 July 2024, in dollars of December 2022) is the revenue adjustment that arises if actual water retail services revenue during the regulatory period exceeds the maximum water retail services revenue as specified in clause 2.2.1 other than as a result of a demand variation and equals the maximum of $(N_D - M_D)$ and zero.

(c) A_D (expressed as a present value at 1 July 2024, in dollars of December 2022) is the actual water retail services revenue received during the regulatory period.

(d) N_D (expressed as a present value at 1 July 2024, in dollars of December 2022) is the notional water retail services revenue that would have been received during the regulatory period if actual water retail services prices applied by SA Water during the regulatory period were applied to forecast water retail services demand as specified in the Forecast Schedule in Part 3 of this determination.

- (e) M_D is the maximum water retail services revenues for the regulatory period, as specified in clause 2.2.1

2.4.3 For the purposes of clause 2.2 and clause 2.4:

- (a) actual water retail services demand is water retail services demand to be submitted by SA Water by 30 April 2028 based on actual water retail services demand up to 31 March 2028 and SA Water's best estimate of water retail services demand for the period between 1 April 2028 to 30 June 2028 (inclusive).
- (b) actual water retail services sales revenue is water retail services revenue to be submitted by SA Water by 30 April 2024 based on actual water retail services sales revenue up to 31 March 2028 and SA Water's best estimate of water retail services revenue for the period 1 April 2028 to 30 June 2028.

2.5 Water retail services revenue adjustment statement

2.5.1 By a date and in a manner and form specified by the Commission in writing, SA Water must submit to the Commission a water retail services revenue adjustment statement in relation to the regulatory period, which must include (without limitation):

- (a) actual revenues attributable to the sale and supply of water retail services for each regulatory year during the period between 1 July 2024 to 30 June 2027 (inclusive)
- (b) estimated revenues attributable to the sale and supply of water retail services for the period between 1 July 2027 to 30 June 2028 (inclusive)
- (c) actual demand for water retail services for each regulatory year during the period between 1 July 2024 to 30 June 2027 (inclusive), and
- (d) estimated demand for water retail services for the period between 1 July 2027 to 30 June 2028 (inclusive).

2.6 Maximum sewerage retail services revenues

2.6.1 In setting sewerage retail services prices to apply during the regulatory period, SA Water must ensure that sewerage retail services revenues during the regulatory period do not, subject to clause 2.6.2, exceed \$1,785 million (expressed as a present value at 1 July 2024, in dollars of December 2022).

2.6.2 Where actual sewerage retail services connections exceed forecast sewerage retail services connections, SA Water may recover sewerage retail services revenues in excess of the maximum sewerage retail services revenues specified in clause 2.6.1, in the amount calculated under clause 2.8.2 as the revenue adjustment amount (RAs).

2.7 Calculation of present values of sewerage retail service revenue

2.7.1 In calculating the present value of revenues under clause 2.6 and clause 2.8, the Commission will apply the following discount factors in the following manner:

- (a) for the 2024-25 regulatory year, actual sewerage retail services revenues (in dollars of December 2022) will be multiplied by 0.97884

- (b) for the 2025-26 regulatory year, actual sewerage retail services revenues (in dollars of December 2022) will be multiplied by 0.93732
- (c) for the 2026-27 regulatory year, actual sewerage retail services revenues (in dollars of December 2022) will be multiplied by 0.89631, and
- (d) for the 2027-28 regulatory year, estimated sewerage retail services revenues (in dollars of December 2022) will be multiplied by 0.85571.

2.7.2 In calculating the present value of sewerage retail services revenues under clause 2.6 and clause 2.8, the Commission will deflate actual sewerage retail services revenues in each regulatory year to revenues in dollars of December 2022 using the change in December to December Consumer Price Index, All Groups Index Number (weighted average of eight capital cities) published by the Australian Bureau of Statistics for each relevant year, or the best available forecast (as the case may be) for the change in December to December Consumer Price Index, All Groups Index Number (weighted average of eight capital cities) for each relevant year.

2.8 Sewerage retail services revenue adjustment mechanism

2.8.1 Prior to the commencement of the subsequent regulatory period, the Commission will calculate a sewerage retail services revenue adjustment amount (RAs), which will be subtracted from the maximum sewerage retail services revenues determined as part of the subsequent price determination.

2.8.2 RAs will be calculated as follows (and expressed as a present value at 1 July 2024, in dollars of December 2022):

$RA_s = V_s + R_s$, where

- (a) V_s (expressed as a present value at 1 July 2020, in dollars of December 2022) is the sewerage demand variation revenue adjustment and equals:
 - (i) $0.5 \cdot (A_s - N_s)$
- (b) R_s (expressed as a present value at 1 July 2024, in dollars of December 2022) is the revenue adjustment that arises if actual sewerage retail services revenue during the regulatory period exceeds the maximum sewerage retail services revenue as specified in clause 2.6.1, other than as a result of a demand variation and equals the maximum of $(N_s - M_s)$ and zero
- (c) A_s (expressed as a present value at 1 July 2024, in dollars of December 2022) is the actual sewerage retail services revenue received during the regulatory period.
- (d) N_s (expressed as a present value at 1 July 2024, in dollars of December 2022) is the notional sewerage retail services revenue that would have been received during the regulatory period if actual sewerage retail services prices applied by SA Water during the regulatory period were applied to forecast sewerage retail services connections as specified in the Forecast Schedule in Part 3 of this determination.
- (e) M_s is the maximum sewerage retail services revenues for the regulatory period, as specified in clause 2.6.1.

2.8.3 For the purposes of clause 2.6 and clause 2.7:

- (a) actual sewerage retail services connections is the number of sewerage retail services connections to be submitted by SA Water by 30 April 2028 based on actual sewerage retail services connections up to 31 March 2028 and SA Water's best estimate of sewerage retail services connections for the period 1 April 2028 to 30 June 2028.
- (b) actual sewerage retail services revenue is sewerage retail services revenue to be submitted by SA Water by 30 April 2028 based on actual sewerage retail services revenue up to 31 December 2027 and SA Water's best estimate of sewerage retail services revenue for the period 1 January 2028 to 30 June 2028.

2.9 Sewerage retail services revenue adjustment statement

2.9.1 By a date and in a manner and form specified by the Commission in writing, SA Water must submit to the Commission a sewerage retail services revenue adjustment statement in relation to the regulatory period, which must include (without limitation):

- (a) actual revenues attributable to the sale and supply of sewerage retail services for each regulatory year during the period between 1 July 2024 to 30 June 2027 (inclusive)
- (b) estimated revenues attributable to the sale and supply of sewerage retail services for the period between 1 July 2027 to 30 June 2028 (inclusive)
- (c) actual demand for sewerage retail services for each regulatory year during the period between 1 July 2024 to 30 June 2027 (inclusive), and
- (d) estimated demand for sewerage retail services for the period between 1 July 2027 to 30 June 2028 (inclusive).

2.10 Pass-through revenue variation adjustment mechanism

2.10.1 SA Water may, in a manner and form specified by the Commission in writing, submit to the Commission for approval a pass-through event revenue adjustment statement, setting out any revenue amounts which SA Water claims are attributable to the occurrence of a purported pass-through event(s) and for which SA Water seeks a revenue adjustment to a subsequent price determination.

2.10.2 A pass-through event revenue adjustment statement submitted under clause 2.10.1 must include (without limitation):

- (a) details of the purported pass-through event (including identification of the retail service or retail services affected by the event)
- (b) the date on which SA Water purports the pass-through event took place
- (c) the best estimates of the financial impacts of the pass-through event on the provision of the relevant retail service by SA Water
- (d) the reasons why the financial impacts of the pass-through event (being either a change in legal obligation event or an extraordinary event) are considered material, having regard to the factors outlined in clause 2.10.4.

- (e) the reasons why the financial impacts of the pass-through event could not otherwise have been reasonably practicably controlled or substantially mitigated by SA Water (acting prudently and efficiently)
 - (f) the revenue amount that SA Water proposes is incorporated within a subsequent price determination, and
 - (g) the basis on and period over which SA Water proposes to apply the pass-through revenue amount within the subsequent price determination.
- 2.10.3 In respect of a pass-through event revenue adjustment statement submitted under clause 2.10.1, the Commission will determine whether or not:
- (a) the purported pass-through event has occurred
 - (b) the financial impacts of the purported pass-through event are material (having regard to the factors in clause 2.10.4), and
 - (c) the purported pass-through event could not otherwise have been reasonably practicably controlled or substantially mitigated by SA Water (acting prudently and efficiently).
- 2.10.4 For the purposes of this clause, a purported pass-through event will be material if it satisfies one or more of the following factors:
- (a) the total cost/expense of the event meets or exceeds \$10 million, and
 - (b) the total cost/expense of the event does not meet or exceed \$10 million, but the Commission considers that, in the specific circumstances, the pass-through event is of such significance so as to justify the classification of the event as being material having regard to the:
 - (i) impact of the event on SA Water and/or its customers, and/or
 - (ii) practical consequences of the event not being classified as a pass-through event.
- 2.10.5 The Commission may require SA Water to provide further information or documents in relation to any purported pass-through events, prior to completing its assessment of whether an event is a pass-through event.
- 2.10.6 If the Commission determines:
- (a) in respect of a pass-through event revenue adjustment statement submitted under clause 2.10.1, that each and every one of the criteria specified in clause 2.10.3 are satisfied, or
 - (b) where a pass-through event revenue adjustment statement is not submitted by SA Water in respect of a pass-through event, that:
 - (i) a pass-through event has occurred, and
 - (ii) each of the criteria specified in clause 2.10.3 are satisfied,
- then it will determine a pass-through event revenue amount (including the time cost of money to be applied) to be incorporated into a subsequent price determination.

2.11 River Murray Water Licence adjustment mechanism

- 2.11.1 SA Water must, in a manner and form and time specified by the Commission in writing, submit to the Commission a River Murray Water Licence revenue adjustment statement, setting out any and all revenue amounts it has earned which are attributable to the sale of a temporary water allocations or permanent water entitlements during the regulatory period, to be incorporated into a subsequent price determination.
- 2.11.2 A River Murray Water Licence revenue adjustment statement submitted under clause 2.11.1 must include (without limitation):
- (a) for any River Murray water allocations or entitlements held by SA Water:
 - (i) the associated volume of water sold
 - (ii) the date of the sale
 - (iii) the cost incurred by SA Water relating to the sale, and
 - (iv) the price obtained.
 - (b) information which demonstrates that any sale over the regulatory period was prudent and efficient, and
 - (c) information that demonstrates SA Water received an appropriate market price for any sale at the time that the sale occurred.
- 2.11.3 In respect of a River Murray Water Licence revenue adjustment statement submitted under clause 2.11.1, the Commission will determine:
- (a) whether or not the decision by SA Water to sell River Murray temporary water allocations or permanent water allocations was prudent and efficient,
 - (b) whether or not the costs incurred by SA Water as a result of the sale were prudent and efficient, and
 - (c) whether or not the price obtained represents an appropriate market price at the time that the sale occurred and, subject to those determinations, may determine a River Murray Water Licence revenue adjustment amount to be incorporated into a subsequent price determination to reflect revenue earned (or, if necessary, taken to be earned according to appropriate market prices) on account of the relevant sale or sales, less the prudent and efficient sale costs.

2.12 Shared infrastructure revenue adjustment mechanism

- 2.12.1 SA Water must, in a manner and form specified by the Commission in writing, submit to the Commission a shared infrastructure revenue adjustment statement, setting out any and all revenue amounts it has earned during the regulatory period through the use of regulated infrastructure, but which are not attributable to the provision of water retail services or sewerage retail services (shared infrastructure services), to be incorporated into a subsequent price determination.
- 2.12.2 A shared infrastructure revenue adjustment statement submitted under clause 2.12.1 must include (without limitation):

- (a) the total revenue amounts earned during each year of the regulatory period through the use of SA Water's regulated infrastructure required to provide water retail services, but which are not attributable to the provision of water retail services or sewerage retail services
 - (b) the total revenue amounts earned during each year of the regulatory period through the use of SA Water's regulated infrastructure required to provide sewerage retail services, but which are not attributable to the provision of water retail services or sewerage retail services, and
 - (c) descriptions of each shared infrastructure service provided by SA Water which has resulted in SA Water earning the revenues amounts reported in 2.12.2(a) and 2.12.2(b).
- 2.12.3 Ten percent of the revenue amounts reported by SA Water under clause 2.12.2(a) (expressed as a present value at 1 July 2024, in dollars of December 2022), less \$3.56 million (present value in December 2022 prices), which represents ten percent of the water shared infrastructure revenue amounts forecast under this price determination, will be deducted from the maximum revenue allowable for water retail services determined by a subsequent price determination.
- 2.12.4 Ten percent of the revenues reported by SA Water under clause 2.12.2(b), less 10 percent of the sewerage shared infrastructure revenue amounts forecast under this price determination, will be deducted from the maximum revenue allowable for sewerage retail services, determined by a subsequent price determination.
- 2.12.5 In its discretion, the Commission may request further information or documents from SA Water to verify and understand the revenues and shared infrastructure services reported and described by SA Water under this clause.
- 2.12.6 For the avoidance of doubt, this clause 2.12, does not apply to any revenue amounts earned by SA Water which are attributable to the provision of electricity generation and/or electricity retail services.

2.13 Contingent project mechanism

Submission of a contingent projects/programs list

- 2.13.1 By no later than 5:00 pm on 30 September 2024, SA Water may submit to the Commission, a written statement, containing all of the information required by clause 2.13.2, specifying any contingent projects/programs for which SA Water may seek a revenue adjustment to a subsequent price determination.
- 2.13.2 SA Water must provide the following supporting information for any contingent projects/programs specified in its written statement, submitted to the Commission:
- (a) a detailed description of the project/program
 - (b) the anticipated outcomes and benefits to consumers
 - (c) the reasons for the project/program needing to be undertaken and the consequences of not undertaking the project/program

- (d) a detailed explanation of what the contingency (or contingencies) is that has prevented the project/program from being included in SA Water's forecast capital expenditure for the regulatory period (ie within its Regulatory Business Proposal), which is supported by evidence and which has a evident bearing on the viability and objectives of the project/program
- (e) any alternative options considered and the associated options analysis, including, for example whole of life costs and cost-benefit analysis
- (f) particulars and outcomes of the community and stakeholder consultation SA Water has undertaken in respect of the project/program
- (g) the estimated efficient costs/expenses associated with the project/program, and any underlying assumptions associated with those costs
- (h) the estimated efficient costs that SA Water seeks to recover for the project/program, including any amount SA Water would seek to recover from customers (or any other parties)
- (i) a detailed description of the expenditure associated with the project/program in the context of SA Water's overall forward investment program for the subsequent regulatory period
- (j) any external funding provided for the project/program (for example, from government or other corporations)
- (k) the strategy and estimated time frames for the efficient delivery of the project/program (including the intended commencement date and the anticipated date of completion)
- (l) any identified risks associated with the project/program and the risk mitigation strategies that will be employed
- (m) evidence that the information required by clauses (a) to (l) above has been presented to the Board of SA Water and that, following consideration of that information, the Board has approved each of the projects/programs being listed on the written statement, and
- (n) any further information that SA Water considers appropriate or important for the Commission to be informed of.

2.13.3 The Commission may require SA Water to provide further information or documents in relation to any contingent projects/programs listed or require it to undertake further public consultation, as appropriate.

2.13.4 SA Water is required to publish the information provided to the Commission under clauses 2.13.1, 2.13.2 and 2.13.3 on its website in an accessible location. Information properly classified as confidential information may be omitted or redacted.

2.13.5 The Commission will also publish on its website a copy of any materials received by SA Water under 2.13.1, 2.13.2 and 2.13.3.

Application for approval of the recovery of efficient costs associated with a contingent project/program

2.13.6 During the regulatory period, at any point up until 12 months prior to the end of the regulatory period, if the following requirements are met, SA Water may make an application to the Commission requesting that it consider approving the efficient costs of a contingent project/program as part of a subsequent price determination, provided that:

- (a) any identified contingencies associated with the project/program no longer exist
- (b) the contingent project/program has advanced to the point where SA Water is firmly committed to commencing the project/program during the regulatory period
- (c) there is sufficient evidence and information that can be provided to the Commission to allow it to appropriately assess:
 - (i) that the contingency no longer exists,
 - (ii) the efficiency of the up to date costs,
 - (iii) the purported benefits to consumers;
 - (iv) any remaining risks associated with the new major capital project/program; and
 - (v) that the SA Water Board has again comprehensively considered and subsequently approved the contingent project/program being commenced and delivered.

2.13.7 An application from SA Water for the recovery of the efficient costs associated with a contingent project/program must include updated information in respect of the matters identified in clauses 2.13.2 (a) to (n) (inclusive) and the following information (without limitation) with appropriate supporting evidence:

- (a) confirmation of the benefits to be (or being) provided as a result of the completed new major capital project/program, which includes up to date information and evidence about the views expressed by customers (and any other interested or impacted parties) on the merits and/or any reported problems or detriments regarding the new major capital project/program
- (b) the total efficient costs that will be (or, to some extent, have been) incurred by SA Water in undertaking the new major capital project/program
- (c) any external funding provided for the new major capital project/program (for example from government or other corporations)
- (d) the efficient costs that SA Water seeks to recover from customers (or any other parties) for the new major capital project/program
- (e) an explanation of the outcome or resolution in respect of the contingency (or contingencies) identified by SA Water under clause 2.13.2(d), and

- (f) the intended commencement date of the new major project/program (which must be during the regulatory period) and the anticipated date of completion (which may be after the end of the regulatory period), and
 - (g) a detailed explanation as to why the new major project/program cannot be appropriately funded by the maximum revenues allowable under the current price determination.
- 2.13.8 The Commission may require SA Water to provide or obtain further information or documents to enable it to assess the application.
- 2.13.9 The Commission may decline to assess an application submitted under clause 2.13.6, if the Commission considers that:
 - (a) the current information regarding the efficient costs/expenses, purported benefits to consumers or other particulars of the new major capital project/program that SA Water must provide is not sufficiently certain or comprehensive enough to properly assess the application at the time
 - (b) the application cannot be finally determined in sufficient time (including the time required for any further public consultation) to justify any efficient costs being allowable under a subsequent price determination, or
 - (c) for any other reason, and in the Commission's discretion, it is inappropriate for the Commission to assess and determine the application.
- 2.13.10 SA Water is required to publish an application it provides to the Commission under clause 2.13.6 on its website in an accessible location. Information properly classified as confidential information may be omitted or redacted.
- 2.13.11 The Commission will (subject to any appropriate redactions):
 - (a) publish any application made by SA Water under clause 2.13.6 on its website and invite public submissions on the application, and
 - (b) in its discretion, directly engage with any other parties it considers appropriate and provide them with the application and any supporting information.
- 2.13.12 Following the assessment of an application submitted by SA Water under clause 2.13.6, the Commission may determine:
 - (a) to approve the efficient costs (or part of the efficient costs) of the new major capital project/program (such costs to be determined by the Commission) being recovered under a subsequent price determination, or
 - (b) that the costs (or part of the costs) of the new major capital project/program will be assessed as part of the making of a subsequent price determination, subject to the usual principles and processes utilised for assessing prudent and efficient expenditure.
- 2.13.13 For any subsequent regulatory periods, SA Water must include the information required by this clauses 2.13 in respect of a proposed contingent project/program in the regulatory business proposal that it submits to the Commission in respect of that subsequent regulatory period by no later than 30 June one year prior to commencement of the subsequent regulatory period.

3 Forecast Schedule

3.1 Forecast demand

3.1.1 For the purposes of clause 2.4 of this price determination, the forecast level of water retail service demand (expressed in total GL) in each regulatory year is as follows:

	2024-25	2025-26	2026-27	2027-28
Total (GL)	203.7	204.7	205.6	206.6

3.1.2 For the purposes of clause 2.8 of this price determination, the forecast level of sewerage retail service demand (expressed in number of connections) in each regulatory year is as follows.

	2024-25	2025-26	2026-27	2027-28
Total (connections as at 31 December each year)	647,530	653,842	660,216	666,653



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