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26 March 2013

Submissions – Economic Regulation of Minor & Intermediate Water Retailers

The Essential Services Commission of South Australia
GPO Box 2605
ADELAIDE SA 5001+

Via email escosa@escosa.sa.gov.au

Dear Sir/Madam,

Economic Regulation of Minor & Intermediate Water Retailers and Draft Water Retail Code

The City of Charles Sturt would like to thank the Commission for the opportunity to provide feedback on the recently released Economic Regulation of Minor and Intermediate Water Retailers and Consumer Protection Code.

Introduction

This submission is lodged by the City of Charles Sturt in response to request for submissions relating to the Economic Regulation of Intermediate and Minor Retailers and the Draft Water Retail Code – Intermediate.

This submission highlights those areas of the Consultation Draft that Charles Sturt is particularly concerned with or requires additional clarification on.

Background

Charles Sturt is currently constructing infrastructure to collect, treat, store (Aquifer Storage Recovery) and supply recycled stormwater to residential and non residential customers in the local council area.

The supply area is currently limited to residential connections in two land developments, St Clair and Woodville West. Both developments will utilise recycled stormwater for irrigation and toilet flushing within the residential allotments.

Construction of infrastructure is scheduled for completion in 2014 with the expected date for aquifer extraction approximately 2015.

Interim water supply arrangements for residents living within the identified land developments have been secured by agreement between SA Water and Charles Sturt. Potable water is purchased by Charles Sturt through a metered connection and used to charge Councils non-potable infrastructure. Land owners are then onsold the purchased water through their non-potable residential connections.



Concerns

1.1 Initial Regulatory Period (1 July 2013 – 30 June 2017).

Charles Sturt agrees an initial regulatory, or transitional, period is appropriate for Councils generally. This time period will provide currently operating Water Retailers an opportunity to address business processes and pricing issues identified in the Draft Retail Code and Price Determination.

Charles Sturt is concerned the initial four year light handed approach to regulatory compliance may not be appropriate in all business cases. Council asks the commission to consider extensions, or the ability to apply for 'exemptions' to allow water retailers in formative and/or construction phases of their business to work with the Commission in achieving full compliance in all areas of the Retail Code and Pricing Determinations beyond the 2017 period.

We ask that consideration of a 2 year transitional, light handed approach, beyond 2017, be provided for new retail providers with newly constructed infrastructure. A 2 year transitional period for new infrastructure would allow for the collection of necessary data to ensure compliance with Water Pricing Principles and integration of the Consumer Protection framework into established business processes.

1.2 Establishing classes of retailers

Charles Sturt would like the Commission to apply transitional arrangements for retailers who commence operations in one class, but due to expansion, are elevated to a higher retail class.

Council would encourage transitional arrangements, similar to the initial light handed approach period, be applied to those retailers during transition. A 12 month period would provide retailers an opportunity to work with the Commission in ensuring compliance in their new category.

1.3 Price Regulation for Minor and Intermediate Retailers

As in previous sections of this submission, Charles Sturt asks the commission to identify their thoughts on how they propose some leniency with agencies that have limited data/costing information from a new system that is planned for delivery mid way through the transitional period.

Charles Sturt is aware of, and will apply, the NWI Pricing Principles to recycled water pricing but will have very limited data available at the time the transitional period concludes. Additionally, if construction was subject to delay a fully operational system would not be realised by the conclusion of the transitional period

In relation to the Draft Water Retail Code Council would like to identify the following issues:

23.3 Permitted Disconnections

23.3.1 does not allow a retailer to disconnect a service where a customer has not complied with Section 69 (2) of the Water Industry Act.

Council suggests an additional clause to this section of the Code to allow a retailer to be permitted the right to disconnect a service where a customer's compliance with this section has not occurred and the retailer has been made aware of the non-compliance. This issue would be considered a health and safety risk for the occupants of the property.

Addition of such a clause would bring alignment with Section 69(3) of the Water Industry Act which allows a Water Industry Entity to disconnect the service if found to be non-compliant with technical and safety requirements of the Act and/or Regulations.

An addition would also create consistency in the Code. I identify Section 63 of the Water Industry Act allowing for disconnection of a service where entry has been refused and Section 23.3.1(c) of the Draft Water Retail Code, also allowing disconnection where entry has been refused.

Council is aware the Local Government Association will also be making a submission to the Commission in this consultation period and seek to support their submission and commentary also.

Yours sincerely,



Paul Sutton
General Manager – Corporate Services