

2013-2017 PRICE DETERMINATION FOR MINOR AND INTERMEDIATE RETAILERS

(1 July 2013 as varied on 23 July 2015)



Enquiries concerning this currency of this Price Determination should be addressed to:

Essential Services Commission of South Australia
GPO Box 2605
Adelaide SA 5001

Telephone: (08) 8463 4444
Freecall: 1800 633 592 (SA and mobiles only)
E-mail: escosa@escosa.sa.gov.au
Web: www.escosa.sa.gov.au

The Essential Services Commission of South Australia 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, please visit www.escosa.sa.gov.au

Amendment Record

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1 GENERAL

1.1 Authority

- 1.1.1 This price **determination** is made pursuant to the powers of the **Commission** under Part 3 of the *Essential Services Commission Act 2002* and the *Essential Services Commission Regulations 2004* as authorised by Part 4, Division 3 of the *Water Industry Act 2012*.

1.2 Term

- 1.2.1 This **determination** has effect for the period from 1 July 2013 up to and including 30 June 2017.

1.3 Purpose and application

- 1.3.1 This **determination** regulates conditions relating to prices for **retail services** provided by **licensees**.
- 1.3.2 Subject to clause 1.3.3, this **determination** applies to each **licensee** other than the South Australian Water Corporation established under the *South Australian Water Corporation Act 1994*.
- 1.3.3 This **determination** will not apply to a **licensee** as advised by the **Commission** to that **licensee** by notice in writing.

1.4 Definitions and interpretation

- 1.4.1 In this **determination** words appearing in bold like **this** have the following meaning:

beneficiary	means a person receiving a benefit, tangible or in-tangible, from the provision of water services or sewerage services
business day	means a day in South Australia, other than a Saturday, Sunday or public holiday
Commission	means the Essential Services Commission, a statutory body established under the <i>Essential Services Commission Act 2002</i>
customers	has the same meaning as is given to that term in the <i>Water Industry Act 2012</i>
determination	means this price determination made by the Commission pursuant to Part 3 of the <i>Essential Services Commission Act 2002</i> and Regulation 3 of the <i>Essential Service Commission Regulations 2004</i> and authorised by Part 4, Division 3 of the <i>Water Industry Act 2012</i>

developer/ augmentation services	means the provision of new infrastructure and/or the augmentation of existing infrastructure to allow for retail services to be provided
drinking water services	means a retail service constituted by the sale and supply of water of a quality fit for human consumption
licensee	means the holder of a licence issued by the Commission under the <i>Water Industry Act 2012</i> authorising the provision of retail services , other than the South Australian Water Corporation established under the <i>South Australian Water Corporation Act 1994</i>
National Water Initiative Pricing Principles	means the National Water Initiative pricing principles published by the National Water Commission
other water services	means all other retail water services , as per the meaning in the <i>Water Industry Act 2012</i> , that are not recycled water services , stormwater services or drinking water services
retail services	has the same meaning as is given to that term in the <i>Water Industry Act 2012</i>
retail prices	means the prices charged by a licensee to customers for the provision of retail services
Recovery of Capital Expenditure	has the same meaning as is given to that term in the National Water Initiative Pricing Principles
Recycled Water and Stormwater Use	has the same meaning as is given to that term in the National Water Initiative Pricing Principles
recycled water services	means the sale and supply of water which has been generated from sewage, or greywater and treated to a standard that is appropriate for its intended use
regulatory period	means the period 1 July 2013 to 30 June 2017
regulatory year	means each 12-month period commencing 1 July during the regulatory period

Setting Urban Water Tariffs	has the same meaning as is given to that term in the National Water Initiative Pricing Principles
sewerage services	has the same meaning as is given to that term in the <i>Water Industry Act 2012</i>
stormwater services	means the sale and supply of water which has been generated from stormwater and treated to a standard that is appropriate for its intended use
water services	has the same meaning as is given to that term in the <i>Water Industry Act 2012</i>

1.4.2 In this **determination** , unless the context otherwise requires:

- (a) headings and footnotes are for convenience or information only and do not affect the interpretation of this price determination;
- (b) words importing the singular include the plural and vice versa;
- (c) an expression importing a natural person includes any company, partnership, trust, joint venture, association, corporation or other body corporate and any governmental agency and vice versa;
- (d) a reference to a clause or appendix is to a clause or appendix of this price determination;
- (e) a reference to any statute includes all statutes varying, consolidating, re-enacting, extending or replacing them and a reference to a statute includes all regulations, proclamations, ordinances, by-laws and determinations issued under that statute;
- (f) a reference to a document or a provision of a document includes an amendment or supplement to, or replacement of or novation of, that document or that provision of that document; and
- (g) a reference to a person includes that person's executors, administrators, successors, substitutes (including, without limitation, persons taking by novation) and permitted assigns.

2 PRICE DETERMINATION

2.1 Pricing Principles

- 2.1.1 The **retail prices** charged by a **licensee** for each **regulatory year** must comply with the following pricing principles:
- (a) Where **drinking water services** are supplied, the following **National Water Initiative Pricing Principles** apply:
 - (i) Principles 1, 2, 3, 4, 5, and 6 of the **Recovery of Capital Expenditure** set of principles; and
 - (ii) Principles 1, 2, 3, 4, 5, 6, 7, 8, 9 and 10 of the **Setting Urban Water Tariffs** set of principles.
 - (b) Where **sewerage services** are supplied, the following **National Water Initiative Pricing Principles** apply:
 - (i) Principles 1, 2, 3, 4, 5, and 6 of the **Recovery of Capital Expenditure** set of principles; and
 - (ii) Principles 1, 4, 5, 6, 7, 8, 9 and 10 of the **Setting Urban Water Tariffs** set of principles.
 - (c) Where **recycled water** or **stormwater services**, are supplied the following **National Water Initiative Pricing Principles** apply:
 - (i) Principles 1, 2, 3, 4, 5, 6, 7, 8, and 9 of the **Recycled Water and Stormwater Use** set of principles.
 - (d) Where **developer/augmentation services** are provided:
 - (i) for the sole benefit of the recipient, the **beneficiary** should pay the full cost of the service and other **customers** should not be required to contribute to the cost of the service through water tariffs;
 - (ii) to a distinct group of **customers**, prices to a **customer** should reflect the incremental cost of supplying the service to the **customer**, and a reasonable allocation of the fixed costs of providing the service, where relevant;
 - (iii) prices should reflect the efficient cost of the particular service provided, although in circumstances where the cost of implementing differentiated prices to different **customers** is likely to outweigh the benefits, non-differentiated prices can be implemented; and
 - (iv) a **licensee** must be able to provide transparent information to **customers** on how the costs for **other water services** have been calculated, or are to be applied, and must be able to support their position in the event of a dispute.

- (e) Where **other water services** are supplied:
 - (i) for the sole benefit of the recipient, the **beneficiary** should pay the full cost of the service and other **customers** should not be required to contribute to the cost of the service through water tariffs;
 - (ii) to a distinct group of **customers**, prices to a **customer** should reflect the incremental cost of supplying the service to the **customer**, and a reasonable allocation of the fixed costs of providing the service, where relevant;
 - (iii) prices should reflect the efficient cost of the particular service provided, although in circumstances where the cost of implementing differentiated prices to different **customers** is likely to outweigh the benefits, non-differentiated prices can be implemented; and
 - (iv) a **licensee** must be able to provide transparent information to **customers** on how the costs for **other water services** have been calculated, or are to be applied, and must be able to support their position in the event of a dispute.

2.1.2 In addition to the matters specified under clause 2.1.1, in setting **retail prices** for each **regulatory year**, a **licensee** must also comply with any principles, requirements or matters specified by the **Commission** under an industry code, industry rule or guideline as in force from time to time in respect of the provision of **retail services**.

2.2 *Price Monitoring*

- 2.2.1 The **Commission** may, during the period of this **determination**:
- (a) monitor the **retail prices** charged by a **licensee**; and
 - (b) publish reports on **retail prices** or monitor and publish reports on matters relating to **retail prices** charged by a **licensee**.

2.3 *Reporting Requirements*

- 2.3.1 A **retail licensee** must provide the **Commission**, by 30 November each year:
- (a) a Pricing Schedule containing the **retail prices**, fees and charges for **water services** and **retail services** imposed by the **licensee**, for the current and previous **financial year**; and
 - (b) a Pricing Policy Statement demonstrating compliance of those **retail prices** with the **National Water Initiative Pricing Principles** relevant to the **retail services** offered by the **licensee**, in accordance with clause 2.1.1 of this **determination**.



The Essential Services Commission of South Australia

Level 1, 151 Pirie Street Adelaide SA 5000

GPO Box 2605 Adelaide SA 5001

T 08 8463 4444

E escosa@escosa.sa.gov.au | W www.escosa.sa.gov.au

