

2018-2023 Water Price Submission

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Context

- First price submission under PREMO.
- First price submission not under the influence of the Wimmera Mallee Pipeline Project.
- First price submission under our new Customer Engagement Model.
- First price submission for this Board.
- Value for money submission with new and improved services

Governance

- Board adopted the Regulatory Strategy in November 2016 which articulated the critical issues for the development of the 2013-2018 Water Price Submission.
- Board established the Pricing Submission Working Group to guide the development of the Pricing Submission.
- Internal Pricing Working Group has overseen the development of service and price issues for submission
- Management made representation about compliance with PREMO using ESC checklist.
- Internal audit activity aligned to assurance in key areas.

Issues

- Revisit support for the Recreation Contribution Charge
- Review the efficiency of the Rural Pipeline Tariff
- Growth Water Projections
- Smart Metering (Urban RPIP)
- Rural pipeline service standard (quality and level of interruption)
- Implications of Rural Pipeline Extensions
- East Grampians, West Wimmera, Taylors Lake studies
- Residual Water Quality Projects
- Dam Safety – Lake Lonsdale
- Horsham Wastewater Treatment Plant
- Goroke Sanitation
- Asset Management Plan
- Energy Efficiency / Carbon Aspirations – 19% Pledge Target
- Reviews that articulate the implications of Climate Change
- Review the cost sharing arrangements specific to Bulk Water
- Develop pricing proposals for irrigation and regular environmental water products.

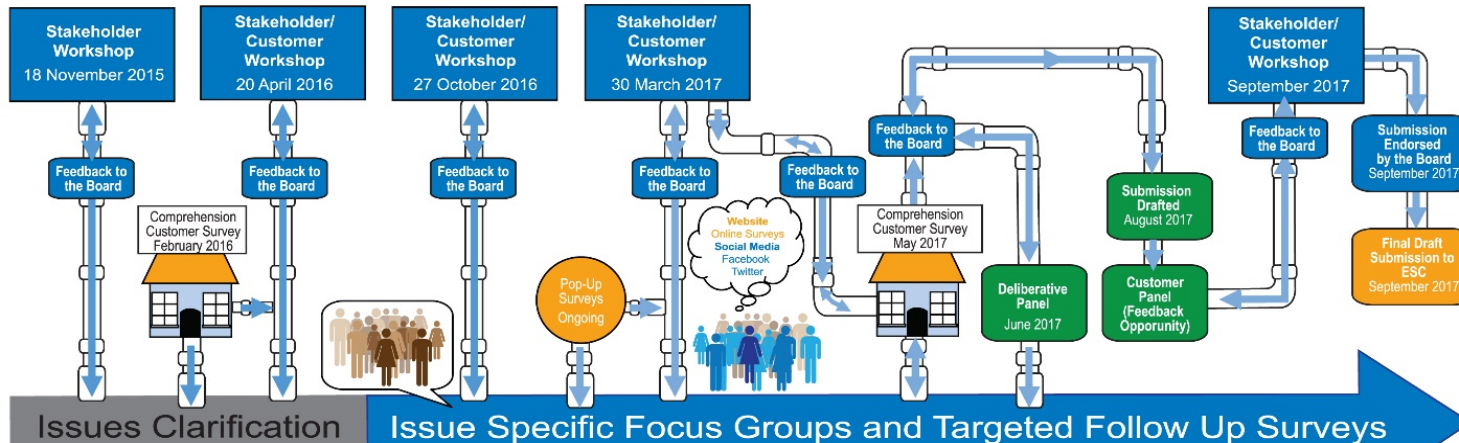
Customer and Community Engagement



GWMWater

Engagement Process ESC Pricing Submission (2018-2023)

“This is how we will engage with and listen to customers”



Themes

- Expanded water grid connection to other catchments and governed by clear rules
- Protect security of supply for consumptive users

Themes

- Communicate value of services
- Continuity of supply during times of water quality issues

Themes

- Recreation Water discount
- Rural GSLs
- Remote urban meters

Themes

- Urban Rural Water Strategy
- Strategic Asset Management Plan
- WMP Recreational Lakes Water

Final Theme

- 2018-2023 Price Submission

Review of 2013-2018

- Any articulation of price in the submission needs to be considered in the context of our performance over the five year period (four actual).
 - Capital Projects Delivered
 - Closure of the WMPP with the emphasis being unspent funds
 - Five towns Water Quality Project
 - Rupanyup Sewerage
 - Productivity and Efficiency
 - 4.3% delivered in the first four years
 - Revenue
 - Generally in line with budget

Urban and Rural Water Strategy

- Urban and Rural Water Strategy has been completed and generally secure with the following findings
 - Areas covered by the pipeline are secure but the following noted
 - Study of long term yield of Grampians system under climate change
 - Need to satisfy ourselves water holding after northern mallee rec. lakes
 - Edenhope needs a long term strategy as current bore life is uncertain.
 - Water ‘age profiling’ of current bore is presently being undertaken
 - Solution may be in the West Wimmera Study.
 - East Grampians system ‘tight’ - answer may be in East Grampians Study.
 - Wartook competing with the environmental priority of McKenzie River

Growth Water Marketing Strategy

- Refreshed in December 2016 and one of the key risks in the demand forecasts
- Reinforces Opportunities
 - Peripheral Development greatest possibility
 - Intensive Agriculture is one of the main opportunities
 - Viticulture / niche horticulture becoming a greater possibility
 - Mining is more elusive
- Any volumes are reasonably conservative

ICT Strategy - Urban Digital Metering



- Have developed the business case using the 'benchmark' of the rural RPIP digital metering project.
- Business case submitted with 2017/18 Corporate Plan to DELWP / DTF for consideration under DTF Investment Management Standard as a 'high value high risk' project.
- Will be considered from its efficiency perspective by the ESC as a major project in the Pricing Submission

Rural Pipeline Extensions

- South West Loddon has been included as a 'known' in the Price Submission.
- East Grampians, West Wimmera and Rocklands / Taylors Lake (Toolondo) will only be acknowledged in the commentary as projects that may be advanced and the context upon which they will be assessed.

Carbon Pledge

- Have committed to 19% reduction in carbon emissions by 2025.
- Options premised on efficiency measures and behind the meter renewables.
- Review by Deloitte confirmed GWMWater proposal as cost effective.
- Potentially more cost beneficial by virtue of
 - Improved technological advancements of renewables (efficient)
 - Upward pressure on energy prices

Environment

- Water for Victoria reaffirmed expectation that the environment be charged for water services received.
- Principles are consistent with the ESC with the exception of;
 - ‘that price should not deter environmental watering’
- DELWP have been undertaking a review to provided greater clarity to the application of the policy.
- Report is yet to be finalised by DELWP.
 - Revenue for water held by VEWH based on historical
 - Commonwealth holding held consistent with recreation water charge

Infrastructure Plan

- Drinking water quality upgrades in Kaniva, Moyston, Ultima and Elmhurst
- Sanitation in Goroke
- Dam Safety at Lake Fyans
- Urban Remote Metering
- Development Servicing including Fire Service
- Donald Wastewater Treatment
- Water Treatment Plant Upgrades – Health Based Targets
- Decommissioning of Redundant Assets

Operating Plan

- Expanded application of SCADA to support oversight of water and wastewater systems and minimise the need for site visitation.
- Continued use of work orders for work scheduling and materials assignment.
- Plan to supplement with the use of resource tracking systems.
- Continued use of workflow to streamline business process supplemented by use of dashboards.

PREMO

- Assessed using the guidance developed by DELWP

Table 1-1 PREMO Self-Assessment

	Outcome	Management	Engagement	Risk	Total
Rating	Advanced	Leading	Leading	Advanced	Advanced
Score	3.25	3.75	4	3	14

Material Outcomes

- Productivity target of 2.5% with 1.5% 'priced in'.
- Recreation Contribution Charge RCC continued with inclusion of schools for an extra \$2 (\$1 pensioners and health care card holders).
- Recreation water going to \$25
- Inclusion of a \$100 water quality GSL.
- Minor amendments to customer charters.

Table 1-2 Real Price Paths 2018-2023

Line of Business	Real % increase/(decrease)			
	Year 1	Year 2	Year 3	Year 4-5
Urban Water	(0.9%)	0	0	0
Urban Wastewater	0.5%	0	0	0
Rural Pipeline	(0.1%)	0	0	0
Groundwater	0	0	0	0
Unregulated licences – surface water	0	0	0	0
Environment	10%	9%	0	0
Bulk Water	0	0	0	0
Recreation Lake Water	10%	10%	3.3%	0
Minor Trade Waste	0	0	0	0

Outcomes

1. Safe and Clean Water
2. Reliable and Affordable Services
3. Healthy and Liveable Region

GWMWater's Price Submission has been developed with same planning and reporting systems as Water Plan 3 and all management processes; provides value for money, new and improved services, pass through of productivity improvements, and price path stability.

Questions ?

