

Gippsland Water Determination

1 July 2023 – 30 June 2028

23 June 2023

Acknowledgement

We acknowledge the Traditional Owners of the lands and waterways on which we work and live.

We acknowledge all Aboriginal and Torres Strait Islander communities, and pay our respects to Elders past and present.

As the First Peoples of this land, belonging to the world's oldest living cultures, we recognise and value their knowledge, and ongoing role in shaping and enriching the story of Victoria.

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Contents

1. General	1
1.1 Introduction	1
1.2 Application	1
1.3 Effective period	1
1.4 Modification of time periods	2
1.5 Summary and structure	2
1.6 Definitions and interpretation	2
1.7 Annexure A	2
2. Price control	3
2.1 General principles	3
2.2 Ancillary matters	3
2.3 Annual adjustment of prices	4
2.4 Price changes during a billing period	6
2.5 Reporting requirements	6
3. Amendment of Schedule 2 – change to tariff basket form of price control	8
4. Uncertain or unforeseen events	11
4.1 General principles	11
4.2 Considerations by the commission	11
4.3 Procedure	13
5. Material error or unintended consequences	15
6. Adjustment to Schedule 2 – pass through of changed prices for storage operator and bulk water services (Melbourne Water Corporation)	16
Schedule 1 – Definitions and interpretation	17
A Definitions	17
B Interpretation	18
Schedule 2 – Prices	19
Schedule 3 – Application of prices	27
Schedule 4 – Pricing principles	36
4.1 Recycled water pricing principles	36
4.2 Pricing principles where scheduled prices do not apply	36
4.3 Pricing principles for NCC	37
4.4 Pricing principles for <i>miscellaneous services</i> not included in Schedule 2	38
4.5 Guidelines	38
Schedule 5 – Adjustment to Schedule 2 – changes in costs associated with annual updates to the trailing average cost of debt	39
Schedule 5A – Adjustment to price	39
Schedule 5B – Prices	40
Annexure A	45

1. General

1.1 Introduction

- (a) Clause 14 of the **WIRO** requires the commission to either:
 - (i) approve the maximum prices the **regulated entity** may charge for **prescribed services** or the manner in which the **regulated entity's** prices are to be calculated, determined or otherwise regulated, as proposed by the **regulated entity** in its price submission (as defined in the **WIRO**); or
 - (ii) specify the maximum prices the **regulated entity** may charge for **prescribed services** or the manner in which the **regulated entity's** prices are to be calculated, determined or otherwise regulated.
- (b) On 21 June 2023, the commission made its decision in respect of the prices which **Gippsland Water** may charge for **prescribed services** during the regulatory period.
- (c) This Determination is made by the commission under section 33 of the **ESC Act**, pursuant to clauses 10 and 14 of the **WIRO**.
- (d) The purposes for the making of this Determination are to:
 - (i) give effect to the decision of the commission referred to in clause 1.1(b);
 - (ii) specify the maximum prices which **Gippsland Water** may charge for **prescribed services** during the **regulatory period** or the manner in which such prices are to be calculated, determined or otherwise regulated;
 - (iii) facilitate the achievement of the commission's objectives in the **ESC Act** and the **WI Act**; and
 - (iv) reflect the requirements of the **WIRO**.
- (e) The reasons for the making of this Determination are as set out in the decision of the commission made on 21 June 2023.

1.2 Application

This Determination applies to **Gippsland Water** and its successors and assigns in respect of the business carried on by **Gippsland Water** at the date of this Determination.

1.3 Effective period

(a) Term

This Determination takes effect on the later of the date on which notice of its making is published in the Government Gazette or 1 July 2023, and subject to clause 1.3(b), has effect until the date on which it is amended or revoked by a later determination or 30 June 2028.

(b) Next regulatory period

Subject to clause 2.3(b)(ii), if the commission has not made a determination in respect of the prices to apply in the **next regulatory period** on or before 30 June 2028, the prices or the manner in which such prices are to be calculated or otherwise determined as set out in this Determination will continue to apply in respect of **prescribed services** provided by **Gippsland Water** from 1 July 2028 to the day before the date on which the determination for the **next regulatory period** comes into effect.

1.4 Modification of time periods

The commission may, by notice to **Gippsland Water**, extend or reduce the time by which, or the period within which, **Gippsland Water** or the commission must comply with an obligation under this Determination.

1.5 Summary and structure

Clause 2 of this Determination specifies the prices which will apply to **prescribed services** during the **regulatory period** and sets out the procedure and formula according to which prices may be adjusted during the **regulatory period** on an annual basis. Clauses 3 to 6 provide for the circumstances in which prices may be adjusted or amended during the **regulatory period** other than in accordance with clause 2.

1.6 Definitions and interpretation

In this Determination, unless the contrary intention appears:

- (a)** words and phrases in bold italics have the meanings given to them in part A of Schedule 1 (or, where only used within a clause, the meaning given upon their first use); and
- (b)** the rules of interpretation in part B of Schedule 1 will apply.

1.7 Annexure A

- (a)** For convenience, Annexure A to this Determination summarises the assumptions underpinning the prices to apply to **Gippsland Water** during the **regulatory period** or the manner in which such prices are to be calculated, determined or otherwise regulated.
- (b)** Full details of these assumptions are contained in the commission's decision in which it has set out its reasons for this Determination.
- (c)** For the avoidance of doubt, Annexure A does not form part of this Determination.

2. Price control

2.1 General principles

Subject to this Determination:

(a) Scheduled prices

Gippsland Water must not charge more than:

- (i) the scheduled prices in Schedule 2, during the first **regulatory year**; and
- (ii) the amounts determined in accordance with clause 2.3, during each subsequent **regulatory year**,

in respect of those **prescribed services** to which the scheduled prices in Schedule 2 relate.

(b) Application principles

The application principles in Schedule 3 will apply to the prices charged by *Gippsland Water* in respect of **prescribed services** specified or deemed to be included in Schedule 2 during the **regulatory period**.

(c) Pricing principles

During the **regulatory period**, *Gippsland Water* must apply the pricing principles in Schedule 4 when determining the prices to apply to the **prescribed services** to which the pricing principles in Schedule 4 relate.

2.2 Ancillary matters

(a) Contracts

Where *Gippsland Water* has entered into a contract which relates to the provision of **prescribed services** prior to 1 July 2023 (a **relevant contract**), *Gippsland Water* may charge the prices for **prescribed services** which are set out in that **relevant contract** until its expiration, termination or a periodic review of the prices set out in the contract. Once a **relevant contract** has expired or been terminated or the prices in a **relevant contract** have been subject to a periodic review, the scheduled prices in Schedule 2 (as adjusted in accordance with this Determination) or the prices determined in accordance with the pricing principles in Schedule 4 will apply for the remainder of the **regulatory period**.

(b) Dispute Resolution

Any dispute as to whether a price has been set in accordance with this Determination will be determined by the commission on the basis of the commission's interpretation of this Determination.

(c) Publication

Gippsland Water must publish a list of its current prices and pricing principles for **prescribed services**, and all relevant supporting information that it has relied upon to apply the prices or pricing principles, on its website at all times during the **regulatory period** and must provide a written copy of the list to its customers on request. The list must clearly indicate in respect of each price, the amount determined in accordance with this Determination, the amount of **GST** payable and the total price.

(d) GST

Gippsland Water will not be considered to be in contravention of this Determination if a price charged by it for a **prescribed service** exceeds the amount determined in accordance with clause 2 only by reason of the levying of a charge on account of **GST**.

2.3 Annual adjustment of prices

(a) Adjustment

- (i) Subject to Schedule 2 and Schedule 5, the scheduled prices in Schedule 2 will be adjusted in each subsequent **regulatory year** in the **regulatory period** in accordance with the formulas in clause 2.3(b)(i) and Schedule 5, and the procedure in clause 2.3(c), and will apply to the **prescribed services** to which the scheduled prices in Schedule 2 relate in that **regulatory year**.

(b) Formula

- (i) Subject to Schedule 2 and Schedule 5, each price for the **prescribed services** referred to in clause 2.3(a) will be adjusted in accordance with the following formula with effect from the beginning of each subsequent **regulatory year** in the **regulatory period**:

$$p_t = p_{t-1} \times \frac{CPI_t}{CPI_{t-1}} \times (1 + PPM_t)$$

where:

p_t is the price component for **regulatory year** 't'

p_{t-1} is the price component for **regulatory year** 't-1'

$\frac{CPI_t}{CPI_{t-1}}$ for the particular **regulatory year** is:
the Consumer Price Index: All Groups Index for the Eight Capital Cities as published by the Australian Bureau of Statistics for the March quarter immediately preceding the start of the relevant **regulatory year**

divided by

the Consumer Price Index: All Groups Index for the Eight Capital Cities as published by the Australian Bureau of Statistics for the March quarter immediately preceding the March quarter referred to above

PPM_t is the prescribed price movement for the price component for **regulatory year** t determined in accordance with Schedule 2.

- (ii) If the commission has not made a determination in respect of the prices to apply in the **next regulatory period** on or before 30 June 2028, PPM_t will be set to zero for the purpose of adjusting prices in accordance with the formula in clause 2.3(b)(i) and formulas in Schedule 5 for **regulatory years** commencing on or after 1 July 2028 until the date on which this Determination is amended or is revoked by a later determination.

(c) Adjustment procedure

- (i) At least 30 **business days** prior to the commencement of each subsequent **regulatory year** in the **regulatory period**, **Gippsland Water** must submit its proposed prices for the **prescribed services** referred to in clause 2.3(a) to apply in that subsequent **regulatory year** (the **revised scheduled prices**) to the commission for approval, together with sufficient information to enable the commission to assess whether the proposed prices comply with this Determination.
- (ii) The commission will approve the **revised scheduled prices** if it considers that they have been calculated in accordance with the formula set out in clause 2.3(b)(i).
- (iii) The commission will be deemed to have approved the **revised scheduled prices** if it has not provided notice under clause 2.3(c)(iv) to **Gippsland Water** within 20 **business days** from the date of its receipt of the **revised scheduled prices**.

- (iv) If the commission does not approve the **revised scheduled prices**, the commission:
 - (A) will provide notice to **Gippsland Water** (including a statement of its reasons);
 - (B) may request **Gippsland Water** to provide any additional information specified by the commission;
 - (C) will take any additional information provided by **Gippsland Water** into account; and
 - (D) will determine the **revised scheduled prices**.

2.4 Price changes during a billing period

(a) Application of this clause

This clause 2.4 applies where **Gippsland Water** issues an invoice in respect of a billing period during which a change to any price for a **prescribed service** comes into effect in accordance with this Determination.

(b) Method of charging

Gippsland Water must not charge the prices determined in accordance with this Determination in respect of any part of a billing period prior to the effective date of the change but may charge for **prescribed services** in respect of the periods before and after the effective date of the change at the prices applicable for each of those periods on a pro-rata basis.

2.5 Reporting requirements

- (a) **Gippsland Water** must make available to the commission all information reasonably requested by the commission from time to time for the purpose of enabling it to confirm that **Gippsland Water** is complying with this Determination.
- (b) Without limiting clause 2.5(a), if, during the **regulatory period**, **Gippsland Water** enters into a contract for **prescribed services** which is renewed, renegotiated or entered into during the **regulatory period (new contract)** which relates to the provision of a **prescribed service** to which the pricing principles in Schedule 4 relate, **Gippsland Water** must, on request by the commission, provide the commission with a notice specifying:
 - (i) details of the **new contract**; and
 - (ii) information which demonstrates the way in which the prices in the **new contract** reflect the relevant pricing principles.

- (c) Without limiting clause 2.5(a), if **Gippsland Water** proposes to stop providing a **prescribed service** or refuses to provide a **prescribed service** to a customer, or potential customer, during the **regulatory period**, it must:
- (i) in the case of a proposal to stop providing a **prescribed service**, provide a notice to the commission stating the nature of the **prescribed service** which it proposes to stop providing and the reason why it proposes to stop providing the **prescribed service**. This notice must be provided at least 30 **business days** prior to the date upon which **Gippsland Water** proposes to stop providing the **prescribed service**; and
 - (ii) in the case of a refusal to provide a **prescribed service** to a customer, or potential customer, **Gippsland Water** must provide a notice to the commission within 5 **business days** of the refusal, stating the nature of the **prescribed service** and the reason for the refusal.

3. Amendment of Schedule 2 – change to tariff basket form of price control

(a) Amendment

- (i) **Gippsland Water** may apply to the commission in accordance with this clause 3 and Schedule 5 for the amendment of the prescribed price movements and/or price components included in Schedule 2 for the following **regulatory year** (the **next regulatory year**) and all subsequent **regulatory years** remaining in the **regulatory period** (the **revised tariff schedule**).
- (ii) The average price movement for the **next regulatory year** and for each subsequent **regulatory year** in the **regulatory period** determined in accordance with the **revised tariff schedule** must not exceed the weighted average price movement that would otherwise have applied under this Determination as calculated in accordance with the following formula

$$\frac{\sum_{i=1}^n \sum_{j=1}^m p_{t,ij} * q_{t-2,ij}}{\sum_{i=1}^n \sum_{j=1}^m p_{t-1,ij} * q_{t-2,ij}} \geq \frac{\sum_{i=1}^n \sum_{j=1}^m \hat{p}_{t,ij} * q_{t-2,ij}}{\sum_{i=1}^n \sum_{j=1}^m p_{t-1,ij} * q_{t-2,ij}}, i = 1, 2, \dots, n \text{ and } j = 1, 2, \dots, m$$

where **Gippsland Water** has n tariff categories, which each have up to m tariff components, and where, for each **regulatory year** t for which the calculation is undertaken:

p_{t-1}^{ij} is the tariff charged in **regulatory year** $t-1$ for component j of tariff i

p_t^{ij} is the proposed tariff for component j of tariff i determined in accordance with Schedule 2 where the **revised tariff schedule** is not applied

$\hat{p}_{t,ij}$ is the proposed tariff for component j or tariff i determined in accordance with Schedule 2 Part A where the **revised tariff schedule is applied** and excludes commission approved pass-throughs

q_{t-2}^{ij} is the quantity of component j of tariff i that was sold in **regulatory year** $t-2$, or, if an actual quantity is not available, either an estimate of the quantity of component j of tariff i that would have been sold in **regulatory year** $t-2$ or a forecast of the quantity of component j of tariff i that is expected to be sold in **regulatory year** $t-2$

(b) Amendment procedure

- (i) An application by **Gippsland Water** under this clause 3 must be received by the commission at least 80 **business days** prior to the commencement of the **next regulatory year** and must be accompanied by the following information:
- (A)
- (1) a clearly articulated new tariff strategy in relation to the **revised tariff schedule** that is consistent with clause 11 of the **WIRO** (the **revised tariff strategy**); or
 - (2) an explanation of how the **revised tariff schedule** is consistent with the current tariff strategy for **Gippsland Water** approved by the commission in connection with this Determination (**the current tariff strategy**);
- (B) a **revised tariff schedule** that specifies proposed prices for the **next regulatory year** and prescribed price movements for each subsequent **regulatory year** in the **regulatory period** that is consistent with the **revised tariff strategy** or the **current tariff strategy**, as the case may be, and complies with clause 3(a)(ii);
- (C) a statement setting out evidence demonstrating that **Gippsland Water** has provided information to its customers explaining the **revised tariff schedule** and how it relates to the **revised tariff strategy** or the **current tariff strategy**, as the case may be, and has consulted effectively with its customers on the **revised tariff strategy** (if clause 3(b)(i)(A)(1) applies) and the **revised tariff schedule**;
- (D) a statement setting out the customer impacts resulting from the **revised tariff schedule** and actions proposed by **Gippsland Water** to address these customer impacts; and
- (E) an explanation of the calculation of the relevant quantities " q_{t-2}^{ij} ", including whether and why it is reasonable.
- (ii) The commission may approve the **revised tariff schedule** submitted by **Gippsland Water** under this clause 3 if it is satisfied that:
- (A) the **revised tariff strategy** (if applicable) is consistent with clause 11 of the **WIRO**;
 - (B) the **revised tariff schedule** is consistent with the **revised tariff strategy** or the **current tariff strategy** for **Gippsland Water**, as the case may be;
 - (C) the price movements calculated in accordance with the **revised tariff schedule** comply with clause 3(a)(ii);

- (D) **Gippsland Water** has consulted effectively with its customers on the **revised tariff strategy** (if clause 3(b)(i)(A)(1) applies) and the **revised tariff schedule**;
 - (E) **Gippsland Water** has effectively addressed customer impacts resulting from the **revised tariff schedule**;
 - (F) the basis for calculating the relevant quantities " q_{t-2}^{ij} " is reasonable; and
 - (G) **Gippsland Water** has provided all of the information required under clause 3(b)(i)(A)-(E).
- (iii) In determining whether it will approve the **revised tariff schedule**, the commission may request **Gippsland Water** to provide any additional information specified by the commission and/or to resubmit any of the matters in clause 3(b)(i)(A)-(E).
 - (iv) The commission will be deemed to have not approved a **revised tariff schedule** if it has not provided notice to **Gippsland Water** within 40 **business days** from the date of its receipt of **Gippsland Water's** application under this clause 3.
 - (v) An approved **revised tariff schedule** will be taken to amend Schedule 2 to the extent of any inconsistency.

4. Uncertain or unforeseen events

4.1 General principles

- (a) **Gippsland Water** may apply to the commission for the amendment of this Determination and/or the adjustment of the scheduled prices in Schedule 2 to reflect increased or decreased costs incurred by **Gippsland Water** and/or increased or decreased revenue received by **Gippsland Water** as a result of events which were uncertain or unforeseen at the time this Determination was made (an **uncertain events application**).
- (b) Whether or not **Gippsland Water** makes an application under clause 4.1(a), **Gippsland Water** must promptly notify the commission upon becoming aware of an event which could form part or all of the basis of an application.
- (c) The commission may on its own initiative, and in its sole discretion, initiate its own process to amend this Determination and/or adjust the schedule of prices in Schedule 2 to reflect increased or decreased costs incurred by **Gippsland Water** and/or increased or decreased revenue received by **Gippsland Water** as a result of events which were uncertain or unforeseen at the time this Determination was made. Such a process may only be initiated if the commission identifies an event or events which it, in its sole discretion, considers has had or may have a material impact on **Gippsland Water's** operating and/or capital expenditure and/or revenue.
- (d) The commission may only adjust prices in response to an **uncertain events application**, or a process initiated by the commission under clause 4.1(c), where the commission is satisfied that such action is necessary or desirable to take account of events that were uncertain or unforeseen at the time of making this Determination and that such action takes into account the interests of customers. The commission may limit an adjustment to only some events or a single event.

4.2 Considerations by the commission

(a) Examples of uncertain or unforeseen events

Examples of potential uncertain or unforeseen events include, but are not limited to:

- (i) actual licence fees or contributions payable by **Gippsland Water** during a **regulatory year** in the **regulatory period** under section 51 of the *Safe Drinking Water Act 2003* (Vic), section 24 of the *Environment Protection Act 1970* (Vic) and section 4H(2) of the **WI Act** which differ from the forecast licence fees or contributions set out in Annexure A for that **regulatory year**;
- (ii) changes in the timing or scope of expenditure by **Gippsland Water** on major capital projects;

- (iii) instances where the commission is satisfied that there is a material difference between the forecast demand levels set out in Annexure A and actual demand levels for **Gippsland Water** in one or more **regulatory years** during the **regulatory period**; or
- (iv) a change in or to any of the following:
 - (A) the **WI Act**, the *Water Act 1989* (Vic), the *Safe Drinking Water Act 2003* (Vic), the *State Owned Enterprises Act 1992* (Vic) and the *Environment Protection Act 2017* (Vic) or relevant regulations or orders or other statutory instruments made under any of them;
 - (B) any licence issued pursuant to any of the Acts referred to in clause 4.2(a)(iv)(A);
 - (C) any tax imposed by or payable directly or indirectly to any government or public authority in the Commonwealth of Australia (including **GST**) but excluding:
 - (1) penalties and interest for late payment of any tax; and/or
 - (2) any tax that replaces any of the taxes referred to in (C), where tax includes any rate, duty, charge or other like or analogous impost.
 - (D) the **Statement of Obligations**; or
 - (E) the introduction or cessation of a statutory carbon price or tax or a national emissions trading scheme or other scheme relating to the reduction of greenhouse gas emissions.

(b) Exclusions

In considering an **uncertain events application** or a process initiated by the commission under clause 4.1(c), the commission will not take into account matters that:

- (i) are or should be within Gippsland Water's control;
- (ii) were or should have been known by **Gippsland Water** at the time the Determination was made;
- (iii) could reasonably have been foreseen by **Gippsland Water**;
- (iv) should be or should have been planned for or managed by **Gippsland Water**; and/or
- (v) reflect inefficient expenditure by **Gippsland Water**.

(c) Dispute resolution

Any dispute as to whether a matter should be taken into account by the commission under this clause 4 will be determined by the commission in its absolute discretion.

4.3 Procedure

(a) Application information for *Gippsland Water*

- (i) An ***uncertain events application*** must be accompanied by a statement setting out:
 - (A) the details of each relevant uncertain or unforeseen event;
 - (B) the amount and timing of any increase or decrease in operating and/or capital expenditure associated with the relevant event during the ***regulatory period*** and/or the amount and timing of any increase or decrease in revenue associated with the relevant event during the ***regulatory period***;
 - (C) the basis for calculating the increase or decrease in operating and/or capital expenditure and/or revenue referred to in clause 4.3(a)(i)(B); and
 - (D) details of the proposed action to be taken by the commission under clause 4.3(b).
- (ii) The commission may request ***Gippsland Water*** to provide any additional information specified by the commission in connection with an ***uncertain events application***. ***Gippsland Water*** is obliged to provide the requested information.

(b) Commission processes

- (i) The commission may in its sole discretion decide the steps, timing of and processes to be followed in relation to an ***uncertain events application*** or a process initiated by it under clause 4.1(c).
- (ii) The commission may in its sole discretion decide the nature and extent of stakeholder consultation it will undertake in relation to such an ***uncertain events application*** or process.
- (iii) The commission will advise ***Gippsland Water*** of the matters in clause 4.3(b)(i) and clause 4.3(b)(ii) in writing and publish details of this on its website.
- (iv) In most cases, an amendment of this Determination and/or adjustment of the scheduled prices in Schedule 2, will be undertaken in accordance with the commission's standard consultation process for price determinations, including the issue of a draft decision and an invitation for interested parties to make submissions to the commission in relation to the draft decision, as set out in clause 16(a) and (b) of the ***WIRO***.

- (v) In some limited circumstances, the commission may amend this Determination and/or adjust the scheduled prices in Schedule 2 without or with only limited consultation. This will be the case where there is urgency that justifies the commission moving quickly, as set out in clause 16(c) of the **WIRO**. In these circumstances, the commission will provide its reasons for proceeding with the amendment without consultation (or with a modified consultation process).
- (vi) The commission may request **Gippsland Water** to provide information to the commission required for any purposes of an uncertain events application or the process initiated by the commission under clause 4.1(c). **Gippsland Water** is obliged to provide the requested information to the commission.

(c) Action by the commission

If the commission is satisfied of the matters set out in clause 4.1(d) in respect of an **uncertain events application** or a process initiated by the commission under clause 4.1(c), the commission may, in its absolute discretion:

- (i) amend this Determination or adjust the scheduled prices in Schedule 2 (and make any consequential adjustments to Annexure A) with effect from a date and in a manner decided by the commission (in respect of one or more events) at a time decided by the commission; or
- (ii) take the **uncertain events application** or any process initiated by the commission under clause 4.1(c) into account in making its determination in respect of the prices which **Gippsland Water** may charge for **prescribed services** in the **next regulatory period**.

(d) Effective date of amendment or adjustment

A determination made by the commission under this clause 4 to amend this Determination takes effect from the date on which notice of its making is published in the Government Gazette or any later date of commencement as may be specified in the determination.

5. Material error or unintended consequences

(a) Where the commission is satisfied that in any material respect:

- (i) this Determination or any information relied upon in the making of this Determination contains an error, deficiency or miscalculation;
- (ii) any information on which this Determination was based was false or misleading in a material respect; or
- (iii) such amendment or adjustment is necessary or desirable to avoid an unintended consequence of this Determination,

the commission may decide to amend this Determination and/or adjust the scheduled prices in Schedule 2, provided that it is satisfied that such amendment and/or price adjustment takes into account the interests of customers.

(b) In most cases, an amendment will be undertaken in accordance with the commission's standard consultation process for price determinations, including the issue of a draft decision and an invitation for interested parties to make submissions to the commission in relation to the draft decision, as set out in clause 16(a) and (b) of the WIRO.

(c) In some limited circumstances, the commission may amend this Determination without further consultation, or with only limited consultation. This will be the case where an amendment is not sufficiently material to warrant a full consultation process, or where there is urgency that justifies the commission moving quickly, as set out in clause 16(c) of the WIRO. In these circumstances, the commission will provide its reasons for proceeding with the amendment without consultation (or with a modified consultation process).

(d) A determination made by the commission under this clause 5 to amend this Determination takes effect from the date on which notice of its making is published in the Government Gazette or any later date of commencement as may be specified in the determination.

6. Adjustment to Schedule 2 – pass through of changed prices for storage operator and bulk water services (Melbourne Water Corporation)

(a) Where the commission:

- (i) makes a price determination for storage operator and bulk water services (as defined in the *WIRO*) provided to **Gippsland Water** by Melbourne Water Corporation for some or all of the **regulatory period**; and
- (ii) declares that such price determination provides for different prices to be charged to **Gippsland Water** from those assumed by the commission in the making of this Determination,

the commission may decide to specify a price adjustment and/or a mechanism for making a price adjustment to scheduled prices in Schedule 2 to take into account the impact this has for the commission's assumptions made for storage operator and bulk water service prices in making this Determination, provided that it is satisfied that such amendment and/or price adjustment takes or will take into account the interests of customers.

- (b) If the commission exercises its discretion under clause 6(a), the commission will also specify the relevant regulatory year/s for which the price adjustment and/or a mechanism for making a price adjustment to prices specified in Schedule 2 for storage operator and bulk water service.
- (c) **Gippsland Water** is obliged, in any proposal for an annual adjustment to prices made to the commission under clause 2.3, to propose an adjustment mechanism for storage operator and bulk water service prices to applicable prices in Schedule 2, that is consistent with the price adjustment and/or price adjustment mechanism specified by the commission under clause 6(a).
- (d) The adjustment procedure and outcomes of that procedure specified in clause 2.3(c) will apply to the proposals made by **Gippsland Water** under clause 6(c).

Schedule 1 – Definitions and interpretation

A Definitions

business day means a day on which banks are open for general banking business in Melbourne, not being a Saturday or a Sunday.

ESC Act means the *Essential Services Commission Act 2001* (Vic).

Gippsland Water means Central Gippsland Region Water Corporation (trading as **Gippsland Water** (ABN 75 830 750 413)

GST has the meaning given in section 195-1 of the *A New Tax System (Goods and Services) Tax Act 1999* (Cth).

miscellaneous services means services that are provided in direct connection with **prescribed services**, prices in respect of which are either included in Schedule 2 or determined in accordance with the relevant pricing principles in Schedule 4.

NCC means a new customer contribution levied by **Gippsland Water** under section 268 of the *Water Act 1989* (Vic).

next regulatory period means the period commencing on 1 July 2028 and ending on a date specified by the commission.

prescribed services has the meaning given in the **WIRO** and includes **miscellaneous services**.

RAB means regulatory asset base.

regulated entity has the meaning given in the **WIRO**.

regulatory period means the period commencing on 1 July 2023 and ending on 30 June 2028.

regulatory year means each period of twelve months commencing on 1 July and ending on 30 June.

Statement of Obligations means an applicable statement of obligations made under section 4I(2) of the *Water Industry Act 1994* (Vic).

Water Act means the *Water Act 1989* (Vic).

WI Act means the *Water Industry Act 1994* (Vic).

WIRO means the Water Industry Regulatory Order 2014 in force as at the date of this Determination.

B Interpretation

Headings are for convenience only and do not affect interpretation. The following rules apply unless the context requires otherwise.

- (a) The singular includes the plural, and the converse also applies.
- (b) If a word or phrase is defined, its other grammatical forms have a corresponding meaning.
- (c) A reference to a person includes a corporation, trust, partnership, unincorporated body or other entity, whether or not it comprises a separate legal entity.
- (d) A reference to a clause or schedule is a reference to a clause of or schedule to this document.
- (e) A reference to a determination, agreement or document (including a reference to this document) is to the agreement or document as amended, supplemented, novated or replaced, except to the extent prohibited by this document or that other agreement or document.
- (f) A reference to an Act, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them.
- (g) If a period of time is specified and commences on a given day or on a day of an act or event, the period of time is to be calculated inclusive of that day.
- (h) Any “notice” to be given or matter to be “notified” must be in writing.
- (i) The symbol ‘ Σ ’ requires a summation to be performed over the range of variables specified in respect of the algebraic terms specified.
- (j) All data which is utilised in calculations made under this Determination will be utilised to the accuracy, in terms of the number of decimal places, to which it is given.
- (k) A fixed price, charge or fee determined in accordance with this Determination is to be rounded down and specified to two decimal places.
- (l) A volumetric price, charge or fee determined in accordance with this Determination is to be rounded down and specified to four decimal places.
- (m) When a calculation is required under this document:
 - (i) **regulatory year** ‘t’ is the **regulatory year** in respect of which the calculation is being made;
 - (ii) **regulatory year** ‘t-1’ is the **regulatory year** immediately preceding **regulatory year** ‘t’;
 - (iii) **regulatory year** ‘t-2’ is the **regulatory year** immediately preceding **regulatory year** ‘t-1’.

Schedule 2 – Prices

This schedule should be read in conjunction with Schedule 3, Schedule 4 and Schedule 5. Variable water, sewerage, recycled water and trade waste charges are rounded down to 4 decimal places. All other charges are rounded down to 2 decimal places.

Tariff and Price Component	Price	PPM	PPM	PPM	PPM
	(1 July 2023)	Year 2	Year 3	Year 4	Year 5
1.1 Residential water tariff					
Service Availability Charge (per annum)					
No Connection	92.27	-0.1%	-0.1%	-0.1%	-0.1%
20mm connection	184.76	-0.1%	-0.1%	-0.1%	-0.1%
25mm Connection	184.76	-0.1%	-0.1%	-0.1%	-0.1%
32mm Connection	473.60	-0.1%	-0.1%	-0.1%	-0.1%
40mm Connection	739.24	-0.1%	-0.1%	-0.1%	-0.1%
50mm Connection	1155.19	-0.1%	-0.1%	-0.1%	-0.1%
75mm Connection	2842.09	-0.1%	-0.1%	-0.1%	-0.1%
80mm Connection	2957.62	-0.1%	-0.1%	-0.1%	-0.1%
100mm Connection	4621.01	-0.1%	-0.1%	-0.1%	-0.1%
150mm Connection	10397.56	-0.1%	-0.1%	-0.1%	-0.1%
Water usage charge					
Consumption Charge – Treated Water (per kL)	2.3209	-0.1%	-0.1%	-0.1%	-0.1%
Consumption Charge – Raw Water (per kL)	1.3963	0.0%	0.0%	0.0%	0.0%
Notional Charge where no meter exists (p.a.)	503.91	0.0%	0.0%	0.0%	0.0%
Water supplied via metered hydrant or stand pipe (per kL)	5.4315	0.0%	0.0%	0.0%	0.0%

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Tariff and Price Component	Price	PPM	PPM	PPM	PPM
	(1 July 2023)	Year 2	Year 3	Year 4	Year 5
1.2 Non Residential Water Tariff					
Service Availability Charge (per annum)					
No Connection	92.27	-0.1%	-0.1%	-0.1%	-0.1%
20mm Connection	184.76	-0.1%	-0.1%	-0.1%	-0.1%
25mm Connection	184.76	-0.1%	-0.1%	-0.1%	-0.1%
32mm Connection	473.6	-0.1%	-0.1%	-0.1%	-0.1%
40mm Connection	739.24	-0.1%	-0.1%	-0.1%	-0.1%
50mm Connection	1155.19	-0.1%	-0.1%	-0.1%	-0.1%
75mm Connection	2842.09	-0.1%	-0.1%	-0.1%	-0.1%
80mm Connection	2957.62	-0.1%	-0.1%	-0.1%	-0.1%
100mm Connection	4621.01	-0.1%	-0.1%	-0.1%	-0.1%
150mm Connection	10397.56	-0.1%	-0.1%	-0.1%	-0.1%
200mm Connection	20218.41	-0.1%	-0.1%	-0.1%	-0.1%
Water Usage Charge					
Consumption Charge – Treated Water(per kL)	2.3209	-0.1%	-0.1%	-0.1%	-0.1%
Consumption Charge – Raw Water (per kL)	1.3963	0.0%	0.0%	0.0%	0.0%
Notional Charge where no meter exists (p.a.)	503.91	0.0%	0.0%	0.0%	0.0%
Water supplied via metered hydrant or stand pipe (per kL)	5.4315	0.0%	0.0%	0.0%	0.0%
1.3 Fire Service Tariff					
Service Availability Charge (per annum)					
20mm Connection	53.75	0.0%	0.0%	0.0%	0.0%
25mm Connection	53.75	0.0%	0.0%	0.0%	0.0%
32mm Connection	137.54	0.0%	0.0%	0.0%	0.0%
40mm Connection	214.87	0.0%	0.0%	0.0%	0.0%

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Tariff and Price Component	Price	PPM	PPM	PPM	PPM
	(1 July 2023)	Year 2	Year 3	Year 4	Year 5
1.3 Fire Service Tariff (continued)					
Service Availability Charge (per annum) (continued)					
50mm Connection	335.70	0.0%	0.0%	0.0%	0.0%
75mm Connection	755.61	0.0%	0.0%	0.0%	0.0%
80mm Connection	859.58	0.0%	0.0%	0.0%	0.0%
100mm Connection	1343.12	0.0%	0.0%	0.0%	0.0%
150mm Connection	3022.23	0.0%	0.0%	0.0%	0.0%
1.4 Residential Wastewater Tariff					
Service Availability Charge (per annum)					
Connected Property	848.88	-0.1%	-0.1%	-0.1%	-0.1%
Non Connected Property	424.39	-0.1%	-0.1%	-0.1%	-0.1%
1.5 Non Residential Wastewater Tariff					
Service Availability Charge (per annum)					
Connected Property	848.88	-0.1%	-0.1%	-0.1%	-0.1%
Non Connected Property	424.39	-0.1%	-0.1%	-0.1%	-0.1%
Wastewater Volumetric Charge (per kL)					
Wastewater Volumetric Charge	4.5102	0.0%	0.0%	0.0%	0.0%
1.6 Trade Waste Tariff					
Application Fee (per application)	153.97	0.0%	0.0%	0.0%	0.0%
Annual Charge (per annum)	381.32	0.0%	0.0%	0.0%	0.0%
1.7 Quality Based Trade Waste Tariff					
Volumetric Charge (per kL)					
Volumetric component	4.5102	0.0%	0.0%	0.0%	0.0%

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Tariff and Price Component	Price	PPM	PPM	PPM	PPM
	(1 July 2023)	Year 2	Year 3	Year 4	Year 5
1.7 Quality Based Trade Waste Tariff (continued)					
Quality Based Charges (per kg)					
Biochemical Oxygen Demand (BOD)	10.6327	0.0%	0.0%	0.0%	0.0%
Suspended solids (SS)	0.3514	0.0%	0.0%	0.0%	0.0%
Total Phosphorus (P)	14.7628	0.0%	0.0%	0.0%	0.0%
Nitrogen (N)	10.6327	0.0%	0.0%	0.0%	0.0%
1.8 New Customer Contributions (per lot)					
Water					
Warragul/Drouin Water System <i>(Towns include: Bravington, Buln Buln, Crossover, Darnum, Drouin, Drouin East, Drouin West, Jindivick, Longwarry North, Nilma, Rokeby, Warragul)</i>	4086.63	0.0%	0.0%	0.0%	0.0%
Moe/Newborough Water System <i>(Towns include: Coalville, Hearn's Oak, Moe, Moe South, Newborough, Tanjil, Trafalgar, Trafalgar East, Trafalgar South, Westbury, Yallourn, Yallourn North, Yarragon, Yarragon South)</i>	2743.77	0.0%	0.0%	0.0%	0.0%
Traralgon Water System <i>(Towns include: Flynn, Traralgon, Traralgon East)</i>	3153.84	0.0%	0.0%	0.0%	0.0%
Morwell Water System <i>(Towns include: Boolarra, Churchill, Hazelwood, Hazelwood North, Hazelwood South, Jeeralang Junction, Maryvale, Morwell, Narracan, Traralgon South, Yinnar, Yinnar South)</i>	3657.88	0.0%	0.0%	0.0%	0.0%

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Tariff and Price Component	Price	PPM	PPM	PPM	PPM
	(1 July 2023)	Year 2	Year 3	Year 4	Year 5
1.8 New Customer Contributions (per lot) (continued)					
Water (continued)					
Sale Water System (Towns include: Cobains, East Sale, Fulham, Pearsondale, Sale, Sale East, Wurruck)	483.94	0.0%	0.0%	0.0%	0.0%
Sewerage					
Warragul/Drouin Water System (Towns include: Bravington, Buln Buln, Crossover, Darnum, Drouin, Drouin East, Drouin West, Jindivick, Longwarry North, Nilma, Rokeby, Warragul)	2880.21	0.0%	0.0%	0.0%	0.0%
Moe/Newborough Water System (Towns include: Coalville, Hearn's Oak, Moe, Moe South, Newborough, Tanjil, Trafalgar, Trafalgar East, Trafalgar South, Westbury, Yallourn, Yallourn North, Yarragon, Yarragon South)	2743.77	0.0%	0.0%	0.0%	0.0%
Traralgon Water System (Towns include: Flynn, Traralgon, Traralgon East)	1197.92	0.0%	0.0%	0.0%	0.0%
Morwell Water System (Towns include: Boolarra, Churchill, Hazelwood, Hazelwood North, Hazelwood South, Jeeralang Junction, Maryvale, Morwell, Narracan, Traralgon South, Yinnar, Yinnar South)	226.21	0.0%	0.0%	0.0%	0.0%
Sale Water System (Towns include: Cobains, East Sale, Fulham, Pearsondale, Sale, Sale East, Wurruck)	644.44	0.0%	0.0%	0.0%	0.0%

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Tariff and Price Component	Price	PPM	PPM	PPM	PPM
	(1 July 2023)	Year 2	Year 3	Year 4	Year 5
1.9 Miscellaneous Fees and Charges					
Water Main Tapping (per tapping)					
20mm Buried Property Service up to 5 metres in length, water main up to 150mm in road reserve	Actual cost	Actual cost	Actual cost	Actual cost	Actual cost
20mm Buried Property Service 15-20 metres in length, water main up to 150mm in road reserve	Actual cost	Actual cost	Actual cost	Actual cost	Actual cost
20mm Main to Meter up to 5 metres in length, water main up to 150mm in road reserve	Actual cost	Actual cost	Actual cost	Actual cost	Actual cost
20mm Main to Meter 15-20 metres in length, water main up to 150mm in road reserve	Actual cost	Actual cost	Actual cost	Actual cost	Actual cost
Tapping Fee 20 mm into mains up to and including 150mm	Actual cost	Actual cost	Actual cost	Actual cost	Actual cost
Capping of a 20mm or 25mm Meter (including couplings)	Actual cost	Actual cost	Actual cost	Actual cost	Actual cost
Meter Installation (per meter)					
Installation/Supply of 20mm Meter (incl Couplings)	Actual cost	Actual cost	Actual cost	Actual cost	Actual cost
Installation/Supply of 25mm Meter (incl Couplings)	Actual cost	Actual cost	Actual cost	Actual cost	Actual cost
Meter Assembly Fee for Pre-Tapped Properties (per meter)					
Pre-tapped connection of 20mm meter (Installation of 20mm meter to pre-tapped buried water service)	Actual cost	Actual cost	Actual cost	Actual cost	Actual cost

Continued next page

Tariff and Price Component	Price	PPM	PPM	PPM	PPM
	(1 July 2023)	Year 2	Year 3	Year 4	Year 5
1.9 Miscellaneous Fees and Charges (continued)					
Restriction and Reconnection of Water Supply (each)					
Fitting of on-site restrictors to property water services	Actual cost	Actual cost	Actual cost	Actual cost	Actual cost
Removal of on-site restrictors to property water services	Actual cost	Actual cost	Actual cost	Actual cost	Actual cost
Application for Connection to Wastewater Main (each)					
Standard residential connection into wastewater connection point	128.42	0.0%	0.0%	0.0%	0.0%
Minor repairs/alterations requiring Plumbing Industry Commission (PIC) number	96.32	0.0%	0.0%	0.0%	0.0%
Small industrial/commercial connection	251.50	0.0%	0.0%	0.0%	0.0%
Provision of wastewater connection point to existing wastewater main by accredited pipelayer – audit fee	98.77	0.0%	0.0%	0.0%	0.0%
Special Meter Reads (each)					
Special Meter read at the commencement of a tenancy and at the termination of a tenancy or when the property changes ownership	Actual cost	Actual cost	Actual cost	Actual cost	Actual cost
Information Statements (each)					
Preparation of a Property Information Statement, inclusive of a Special Meter Reading performed on settlement date	54.58	0.0%	0.0%	0.0%	0.0%

Continued next page

Tariff and Price Component	Price	PPM	PPM	PPM	PPM
	(1 July 2023)	Year 2	Year 3	Year 4	Year 5
1.9 Miscellaneous Fees and Charges (continued)					
Application to Build over Gippsland Water's Assets and/or Easements (each)					
Fees for Application to Build over Gippsland Water's Assets and/or Easements	262.20	0.0%	0.0%	0.0%	0.0%
Metered Hydrant Fees (each)					
Annual fee	164.57	0.0%	0.0%	0.0%	0.0%
Land Development Fees					
Application Fee including water supply & wastewater (each)					
11-20 lots in subdivision	821.49	0.0%	0.0%	0.0%	0.0%
Offer Acceptance Fee including water supply & wastewater (each)					
11-20 lots in subdivision	1916.83	0.0%	0.0%	0.0%	0.0%
Non-core miscellaneous services	Actual cost	Actual cost	Actual cost	Actual cost	Actual cost

As set out in clause 1.1(d) of this Determination, the role of the Commission in making this Determination is limited to determining the maximum prices that **Gippsland Water** may charge for **prescribed services** during the **regulatory period**, or the manner in which such prices are to be calculated, determined or otherwise regulated.

It is the role of **Gippsland Water** to set a tariff for **prescribed services** in accordance with the **Water Act** and to ensure the tariff complies with this Determination. The commission does not have a role in hearing disputes about individual billing issues that users may have.

Schedule 3 – Application of prices

3.1 Wastewater Volumetric Charge

A wastewater volumetric charge applies to non-residential properties which use in excess of 100 kilolitres of water in any four monthly period, calculated and levied on the following basis:

A= water usage above 100 kilolitres in any four monthly period.

B= wastewater volumetric charge per kilolitre

C= a percentage figure of 95%, 75%, 50% or 25%, based upon the property type (as detailed below).

D= the Wastewater Volumetric Charge to be paid.

The Volumetric charge for Wastewater shall be calculated as $D = A \times B \times C$. The charge is set according to the type of Development/Business conducted on the property.

Property types designated at 95% wastewater volumetric charge

Aerodrome, Agri-business/Meat & Poultry, Art Gallery, Automotive, Bank, Body Corporate (Non Res), Church, Cinema/Theatre, Clubs/Facilities/Venues (Meal Preparation), Commercial Storage Units, Community Services (Schools, Hospitals, Prison, Childcare Facilities, Nursing Home/Aged Care Facility and Preschools), Courthouse, Dry Cleaners, Emergency & Public Services, Factory, Hairdresser/Barber, Hotel, Landfill/Transfer Station, Laundromat, Library, Livestock/Saleyards, Medical & Dwelling, Medical Rooms/Facilities (Doctors, Dentists, Chiropractic etc), Museum, Office, Photo Laboratory/Chemical, Post Office, Printers/Screen Printers, Public Utility (eg. Public Toilets), Pump Station, Radio Station, Railway Station, Restaurants & Cafes, Shed, Shops, Shop & Dwelling, Shopping Centre, Supermarket, Telephone Exchange, Timber Yard (retail), Veterinary Centres, Warehouse, Wool Production, Workshop, Workshop & Dwelling, Wrecking Yard, Undefined.

Property types designated at 75% wastewater volumetric charge

Accommodation, Food Processing/Manufacturing, Public Swimming Pools, Undefined.

Property types designated at 50% wastewater volumetric charge

Brewery/Winery (wine making process), Caravan Park, Farms/Animal Husbandry, Funeral Parlour, Horse Stable and House, Kennels/Animal Hospital, Piggery, Undefined.

Property types designated at 25% wastewater volumetric charge

Bakery, Cemetery, Clubs/Outdoor Facilities (Ground Watering Only), Concrete Batching Facility, Garden Supplies, Market Garden, Parking Lot, Plant Nursery, Racecourse/Stables, Winery/Vineyard, Timber Factory/Saw Mill, Undefined.

3.2 Quality based trade waste tariff

3.2.1 Risk based assessment

The quality based trade waste tariff will apply to all new and existing businesses who are identified as presenting an elevated level of risk to the wastewater treatment process. To assess this risk, trade waste customers will be subjected to a risk based review which will consider five separate criteria to establish a risk score for each trade waste customer. These criteria are –

- volume discharged per annum (kL);
- trade waste risk to treatment process;
- compliance history over 12 months (number of samples with at least one of the four specific quality based trade waste parameters exceeds agreed limits)
- wastewater treatment plant discharging to; and
- the percentage proportion of customer discharge compared to total discharge received at the plant.

Each criteria will be individually scored according to the level of risk the trade waste customer presents. The following table outlines these five risk criteria and the risk based scores that are applicable for each risk.

Table 1: Risk criteria and scoring principles

Risk	Risk score	5	4	3	2	1
1	Volume discharged per annum (kL)	>300,000	< 300,000 >200,000	< 200,000 > 100,000	< 100,000 > 10,000	< 10,000
2	Trade waste risk to treatment process	Catastrophic	Major	Moderate	Minor	Insignificant
3	Compliance history over 12 months (number of samples with at least one parameter out of limits)	> +5	4	3	2	1
4	Wastewater Treatment Plant discharged to	Gippsland Water Factory, Drouin	Moe, Morwell, Neerim Sth, Warragul, Rawson	Mirboo Nth, Willow Grove (3rd Party Reuse)	Maffra, Heyfield, Sale/ Wurruk/ LochSport, Stratford, Seaspray	n/a
5	Proportion of customer discharge compared to total discharge to plant	>5%	>4%	>3%	>2%	>1%

The scores for each risk criteria will then be summated to determine a total score for that particular trade waste customer. The trade waste customer will then be categorised into one of three risk classes depending on their total score, as outlined below.

Table 2: Risk ranking

Class 1	Class 2	Class 3
Low Risk	Medium Risk	High Risk
(Total Score <10)	(Total Score 10 – 15)	(Total Score 16 >) Or 2 or more criteria scored at 5

3.2.2 Application of quality trade waste tariff

All Commercial Trade Waste customers are still required to meet Gippsland Water's trade waste limits at all times. For customers that discharge beyond agreement limits whom are not included within the Quality Based Trade Waste Tariff methodology, Commercial Trade Waste agreement pecuniary actions will be applied, including refusal to accept waste into Gippsland Water's wastewater disposal systems.

Table 3 summarises the application of the Quality Based Trade Waste Tariff (QBTW)

Customers who are ranked as Class 1 will not be subjected to the quality based trade waste tariff. These customers will be covered by Gippsland Water’s Commercial Trade Waste Agreement (CTW) specifications and incur the standard non-residential wastewater volumetric tariff. Class 2 and Class 3 risk ranked customers will be subject to the quality based trade waste tariff.

Gippsland Water will apply the same water consumption caps to the quality based tariff as currently apply to the non-residential wastewater volumetric tariff. In other words, if waste discharge is not separately metered then the quality based trade waste tariff will only apply where water consumption exceeds 100kL in any four month billing period. Where a dedicated wastewater meter exists, the tariff will continue to be applied on the total kL volume recorded at the meter.

In addition, the current annual CTW charge will remain in place, and trade waste customers will also be required to pay for sampling costs inherent in the monitoring program required by the trade waste agreement. The frequency and cost of sampling will be dependent on the customers risk ranking. For example, a minimum of four samples will be taken per annum once a customer is determined to be at Class 2.

Table 3: Application of quality based trade waste tariff

	Class 1	Class 2	Class 3
Risk ranking (refer to Table 2)	Low Risk	Medium Risk	High Risk
QBTW Applicable	No	Yes	Yes
Frequency & Cost of Sampling (individually assessed)	Audited per CTW Agreement	Min. 4 times p.a. (at cost)	Min 12 times p.a (at cost)
Annual Charges Applicable	CTW Annual Fee	CTW Annual Fee plus QBTW charges	CTW Annual Fee plus QBTW charges
Life of Trade Waster Agreement	5 years	3 years	2 years

3.2.3 Calculating the quality based trade waste tariff

The quality based trade waste tariff will consist of two components, a volumetric fee per kilolitre; plus a quality based fee per kilogram dependent on the concentration of any of the following four parameters: Total Nitrogen (TN), Biochemical Oxygen Demand (BOD), Suspended Solids (SS), and Total Phosphorous (P) that are received beyond the absolute concentration limit specified in our Standard Trade Waste Acceptance Criteria published on our website for that parameter. These limits are outlined in our Commercial Trade Waste Agreements (CTW).

The quality based trade waste tariff has been designed such that trade waste customers discharging at or within the Commercial Trade Waste Agreement (CTW) specifications for the four trade waste parameters that require additional treatment input costs to process will only pay the

non-residential wastewater volumetric charge. Customers that discharge above the Commercial Trade Waste Agreement (CTW) specifications for those parameters will be charged both the non-residential wastewater volumetric charge and a cost recovery charge for the breaching parameter(s).

The four trade waste parameters that lead to additional treatment costs are:

CTW limit

Total Nitrogen (TN) 100 mg/L

Biochemical Oxygen Demand (BOD) 600 mg/L

Suspended solids (SS) 600 mg/L

Phosphorus (P) 15 mg/L

Table 4 outlines the cost per parameter for treatment dependent upon the treatment processes utilised at the treatment plant discharged too.

Table 4: Cost of Treatment per treatment plant process

Treatment process	Activated Sludge Membrane Filtration	Activated Sludge	Facultative Lagoon
Treatment Plant	Gippsland Water Factory Drouin	Moe Morwell Neerim Sth Warragul Rawson	Heyfield Sale/Wurruk/LochSport Maffra Stratford Seaspray Mirboo Nth Willow Grove
\$ Jan 23	\$/kg	\$/kg	\$/kg
Total Nitrogen (TN)	\$9.94 / kg	\$3.77 / kg	\$1.84 / kg
Biochemical Oxygen Demand (BOD)	\$9.94 / kg	\$3.77 / kg	\$1.84 / kg
Suspended solids (SS)	\$0.33 / kg	\$0.73 / kg	\$0.94 / kg
Phosphorus (P)	\$13.79 / kg	\$7.03 / kg	\$3.83 / kg

The QBTW tariff shall be calculated and levied on the following basis:

Step 1:

Determine the number of kL discharged by the customer over the billing period for which the non-residential Volumetric Wastewater tariff applies.

Step 2:

Determine the concentrations (mg/L) of Total Nitrogen (TN), Biochemical Oxygen Demand (BOD), Suspended Solids (SS) and Phosphorus (P) using results from the latest sample.

Step 3:

Calculate the total payable using the following equation:

Total Amount Payable (\$) = (Non-residential Wastewater tariff (\$/kL) x A) + (A x B x quality tariff TN (\$/kg f) /1000) + (A x C x quality tariff BOD (\$/kg f) /1000) + (A x D x quality tariff SS (\$/kg f) /1000) + (A x E x quality tariff P (\$/kg f) /1000)

Where:

- A = the number of kL > 100 kL of water consumption over the billing period OR if the waste discharge is separately metered then the total kL volume discharged over the billing period.
- B = the concentration (mg/L) of Total Nitrogen (TN) greater than the CTW limit
- C = the concentration (mg/L) of Biochemical Oxygen Demand (BOD) greater than the CTW limit
- D = the concentration (mg/L) of Suspended Solids (SS) greater than the CTW limit
- E = the concentration (mg/L) of Phosphorus (P) greater than the CTW limit
- \$/kg f = the cost per treatment process dependent upon treatment plant discharged too (Table 4).

3.3 Miscellaneous Fees and Charges – definitions

The following table sets out the definitions of the miscellaneous charges contained in Schedule 2.

Miscellaneous service	Definition
<i>Water Main Tapping (per tapping)</i>	
20mm buried property service up to 5 metres in length, water main up to 150 mm in road reserve; or 20mm buried property service 15-20 metres in length, water main up to 150 mm in road reserve	Gippsland Water's contractor attends site, excavates water main, completes an under pressure water tapping.
20mm main to meter up to 5 metres in length, water main up to 150mm in road reserve; or 20mm main to meter 15-20 metres in length, water main up to 150mm in road reserve	Gippsland Water's contractor attends site, excavates water main, completes an under pressure water tapping and installs a 20mm meter.

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Miscellaneous service	Definition
<i>Water Main Tapping (per tapping) (continued)</i>	
Tapping fee 20mm into mains up to and including 150mm	Gippsland Water's contractor provides the pipes and fittings to be used for the supply of water to a property from the water main up to and including the meter assembly, or the stop tap / ball valve if no meter fitted.
Capping of a 20mm or 25mm service (plumber to excavate)	Gippsland Water's contractor attends site to cap an existing tapping provided on the water main.
<i>Meter Installation (per meter)</i>	
Installation/Supply of 20mm Meter (Includes Couplings)	This charge provides for Gippsland Water's contractor to attend site and fit a standard 20mm water meter assembly.
<i>Meter Assembly Fee for Pre-Tapped Properties (per meter)</i>	
Pre-tapped connection of 20mm meter (Installation of 20mm meter to pre-tapped buried water service)	This charge provides for Gippsland Water's contractor to attend site, to raise the buried water service and to fit a standard water meter assembly. A standard meter assembly is an apparatus consisting of water meter, stop valve, strainer, additional valves (if fitted) and unions required to connect these components together and to connect the water supply pipe work. It does not include any backflow prevention device or pressure reduction device installed downstream of the outlet of the meter.
<i>Restriction and Reconnection of Water Supply (each)</i>	
Fitting of on-site restrictors to property water services	Restriction of water supply for non-payment of water account in accordance with Gippsland Water's Customer Charter.
Removal of on-site restrictors from property water services	Reconnection of a water supply following either payment of an outstanding water account or the negotiation of a suitable payment plan in accordance with Gippsland Water's Customer Charter.
<i>Special Meter Reads (each)</i>	
Special meter read at the commencement of a tenancy and at the termination of a tenancy or when the property changes ownership	This charge is for an out of the ordinary meter read at commencement and termination of occupancy for incoming and outgoing customers.

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Miscellaneous service	Definition
<i>Information Statements (each)</i>	
Preparation of a Property Information Statement, inclusive of a Special Meter Reading performed on a settlement date	Information Statement is provided on request. This certificate details outstanding rates and encumbrances in accordance with Section 158 of the Water Act 1989 .
<i>Application for Connection to Wastewater Main (each)</i>	
Standard residential connection into wastewater connection point	This wastewater connection application charge provides for processing of an application for a standard residential sewer connection. Once the application has been approved a Plumbing Industry Commission (PIC) number will be issued to the plumber. Note that the application charge does not include any Plumbing Industry Commission fees.
Minor repairs/alterations requiring P.I.C number	This minor repairs/alterations application charge provides for processing of an application for a sewer alteration within the property. Once the application has been approved a Plumbing Industry Commission (PIC) number will be issued to the plumber. Note that the application charge does not include any Plumbing Industry Commission fees.
Small industrial/commercial connection	This wastewater connection application charge provides for processing of an application for a sewer connection for a small industrial or commercial development. Once the application has been approved a Plumbing Industry Commission (PIC) number will be issued to the plumber. Note that the application charge does not include Plumbing Industry Commission fees.
Provision of wastewater connection point to existing wastewater main by accredited pipelayer	This charge is an audit fee ONLY. The charge is for Gippsland Water personnel to attend the site at the time of construction of a sewer property connection by an accredited pipelayer.
<i>Application to Build over Gippsland Water's Assets and/or Easements (each)</i>	
Fees for Application to Build over Gippsland Water's Assets and/or Easements	This is a charge for processing an application for a property owner who wishes to construct a structure over or adjacent to a Gippsland Water asset and / or easement.

Continued next page

Miscellaneous service	Definition
<i>Metered Hydrant Fees (each)</i>	
Annual fee	Gippsland Water provides a metered hydrant service to registered users in accordance with the Water Act 1989 .
<i>Land Development Fees (each)</i>	
Application Fee including water supply and wastewater (each) 11-20 lots in subdivision	This is a charge where an extension to Gippsland Water services for land arises from subdivision of land. The owner of the land is liable for all costs associated with the provision of the works and must enter into an Owners Cost Agreement and pay an application fee based on the number of lots in a subdivision. This fee pertains to a 11-20 lot subdivision.
Offer Acceptance Fee including water supply and wastewater (each) 11-20 lots in subdivision	This is a charge where the developer is accepting the offer outlined in the Owners Cost Agreement. This charge is to receipt monies and process the start works notice etc upon acceptance by developer of owners cost work agreements. This fee pertains to a 11-20 lot subdivision.

Schedule 4 – Pricing principles

4.1 Recycled water pricing principles

Recycled water prices should be set so as to:

- have regard to the price of any substitutes and customers' willingness to pay;
- cover the full cost of providing the service (with the exception of services related to specified obligations or maintaining balance of supply and demand); and
- include a variable component.

Where **Gippsland Water** does not propose to fully recover the costs associated with recycled water, it must demonstrate to the commission that:

- it has assessed the costs and benefits of pursuing the recycled water project;
- it has clearly identified the basis on which any revenue shortfall is to be recovered; and
- if the revenue shortfall is to be recovered from non-recycled water customers, either the project is required under the Statement of Obligations which applies to **Gippsland Water** or pursuant to other government policies that apply to **Gippsland Water** or there has been consultation with the affected customers about their willingness to pay for the benefits of increased recycling.

4.2 Pricing principles where scheduled prices do not apply

Where the prices set out in Schedule 2 do not apply because the nature of the service provided to a particular customer (including, in the case of trade waste customers, the volume or load of waste treated) is unique, prices must be set as follows:

- variable prices (including, in the case of trade waste customers, load-based charges) should reflect the long run marginal cost of providing services (including, in the case of trade waste customers, trade waste transfer, treatment and disposal);
- the total revenue received from each customer should be greater than the cost that would be avoided from ceasing to serve that customer, and (subject to meeting avoidable cost) less than the stand alone cost of providing the service to the customer in the most efficient manner;
- the methodology used to allocate common and fixed costs to that customer should be clearly articulated and be consistent with any guidance provided by the commission;
- prices should reflect reasonable assumptions regarding the customer's demand for services (including, in the case of trade waste customers, the volume and strength of trade waste anticipated to be produced by that customer);

- depreciation rates and rates of return used to determine prices should be consistent with those adopted by the commission for the purposes of making this Determination;
- customers should be provided with full details of the manner in which prices have been calculated and any new, renewed or renegotiated contractual agreements with customers should indicate that the prices to apply are subject to any Determination made by the commission;
- where applying these principles results in significant changes to prices or tariff structures, arrangements for phasing in the changes may be considered and any transitional arrangements should be clearly articulated.

4.3 Pricing principles for NCC

Core pricing principles

NCC, including standard or negotiated **NCC**, will be calculated by applying the following core **NCC** pricing principles.

Standard and negotiated **NCC** will:

- have regard to the incremental infrastructure and associated costs in one or more of the statutory cost categories attributable to a given connection;
- have regard to the incremental future revenues that will be earned from customers at that connection;
- be greater than the avoidable cost of that connection and less than the standalone cost of that connection.

Notes:

1. Given that **NCC** are to be based on the net incremental cost of connection (ie incremental costs net of incremental benefits), in this context, the costs referred to in the efficient pricing bound are the net costs, specifically the avoidable net cost of connection and standalone net cost of connection.
2. Where the connection arrangement requires assets to be gifted, the value of gifted assets will be excluded for the purpose of calculating net costs.
3. Incremental costs may include financing costs associated with constructing an asset sooner than planned.

NCC application

NCC are applied on a per lot basis and may be levied on any connection of a new customer that is separately titled or is, or can be, individually metered.

Incremental financing costs

Incremental financing costs (IFC) should be calculated using this formula:

$$\text{IFC} = \left(1 - \left[\frac{1}{(1+r)^n}\right]\right) \times \text{cost of capital being provided sooner than planned}$$

where:

r estimated pre-tax regulatory rate of return

n the number of years the asset is required sooner than planned.

Gifted Assets

Gippsland Water can require developers to provide and gift to **Gippsland Water** specified assets as a condition of connection, provided that **Gippsland Water**:

- makes clear to potential developers which assets a developer will be responsible for providing and gifting, and which will be provided by **Gippsland Water**;
- confirms that negotiation of any non-standard connection and associated charges will be undertaken in accordance with **Gippsland Water**'s published negotiating framework; and
- the value of gifted assets will be excluded for the purposes of calculating net costs.

4.4 Pricing principles for *miscellaneous services* not included in Schedule 2

Prices for ***miscellaneous services*** must be set according to actual cost calculated on the basis of the aggregate of:

- direct third party or contractor invoice cost;
- direct marginal internal costs, including labour, materials and transport costs; and
- a fair contribution to overheads.

For bank dishonour, debt collection and legal fees, the third party costs must be charged directly to the customer with no contribution for internal costs or a contribution to overheads.

4.5 Guidelines

Gippsland Water must comply with any guidelines issued by the commission from time to time which relate to the setting of prices for ***prescribed services*** to which Schedule 4 relates.

Schedule 5 – Adjustment to Schedule 2 – changes in costs associated with annual updates to the trailing average cost of debt

If in any **regulatory year** Condition A applies (per Schedule 5B below), the formula set out in clause 2.3(b) is not applicable to the extent it relates to the prices listed in Schedule 5A. The prices in Schedule 5A are specified under items 1.1m 1.2, 1.4 and 1.5 of Schedule 2.

Instead, the prices in Schedule 5A will be adjusted in accordance with the formulas (as applicable) provided in Schedule 5B, with effect from the beginning of each subsequent **regulatory year** in the **regulatory period**.

Gippsland Water must comply with any guidance issued by the commission from time to time which relate to the setting of prices for **prescribed services** to which Schedule 2 and 4 relates.

Schedule 5A – Adjustment to price

Tariffs	Condition A (Annual cost of debt update)
1.1 Residential Water Tariff Service Availability Charge	X
1.2 Non Residential Water Tariff Service Availability Charge	X
1.4 Residential Wastewater Tariff Service Availability Charge	X
1.5 Non Residential Wastewater Tariff Service Availability Charge	X

Schedule 5 – Adjustment for costs associated with annual updates to the trailing average cost of debt

Schedule 5B – Prices

Condition A – Annual cost of debt update

Condition A will apply when the trailing average cost of debt in any **regulatory year** 't' changes in that year. The adjustment is calculated as per formula 4 below.

The difference in the forecast and actual regulatory rate of return in any **regulatory year** 't' is multiplied by the average of the **RAB** to determine the change in **Gippsland Water's** total expected return. The **RAB** is set out in Table 5 of Annexure A.

The trailing average cost of debt adjustment will be apportioned across the tariffs listed in Schedule 5A.

Formula 1: Determining the nominal cost of debt

$$CoD_t^{nominal} = \sum_{i=t-10}^{t-1} \frac{CoD_i^{nominal}}{10}$$

$CoD_t^{nominal}$	Is equal to the simple average of the 10 years up to (but not inclusive of) regulatory year 't' of: <ul style="list-style-type: none">- The historical nominal cost of debt series outlined in Table 1 of Annexure A and <ul style="list-style-type: none">- RBA Table F3 – Non-financial corporate BBB-rated bonds – Yield – 10-year target tenor [Series ID FNFYBBB10M] from 1 April to 31 March before the start of regulatory year 't' (e.g. 1 April 2022 to 31 March 2023 in relation to 2023-24)
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Formula 2: Determining the real cost of debt

$$CoD_t^{real} = \frac{(1 + CoD_t^{nominal})}{(1 + \pi^{det})} - 1$$

π^{det}	Is the inflation factor which is equal to 3.5% for all regulatory years (unless updated in accordance with Note 1 below, in which case it is equal to the updated amount set by the commission)
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Formula 2 outlines the process for converting the trailing average cost of debt from nominal to real using the Fisher equation.

Schedule 5 – Adjustment for costs associated with annual updates to the trailing average cost of debt

Note 1: If inflation (measured by the Australian Bureau of Statistics Consumer Price Index – all groups) falls below 2.5 per cent in 2026-27, we will update the inflation factor (π^{det}) using a five year averaging period; the updated inflation factor will be used for any necessary adjustment of the Scheduled prices in Schedule 2.

Formula 3: Determining the real regulatory rate of return

$$RRR_t^{real} = 0.4 \times CoE_t^{real} + 0.6 \times CoD_t^{real}$$

RRR_t^{real}	Is the post-tax ‘vanilla’ regulatory rate of return in real terms for regulatory year ‘t’ rounded to two decimal places, i.e. 4.347% is rounded to 4.35%
CoE_t^{real}	Is the real cost of equity which is equal to 4.5% for 2023-24 to 2027-28

Formula 4: Trailing average cost of debt adjustment

$$CDA_t^j = (RRR_t^{act} - RRR_t^{det}) \times \left(\frac{RAB_{opening,t}^{det} + RAB_{closing,t}^{det}}{2} \right) \times \frac{CPI_t}{CPI_{base}} \times \frac{\alpha_t^j \times q_{j,t}^{det}}{\sum_{j=1,n}^{t=t} (\alpha_t^j \times q_{j,t}^{det})} \times \frac{1}{q_{j,t}^{det}}$$

CDA_t^j	Is the trailing average cost of debt adjustment applied proportionally to tariff j, based on tariff j’s relative share of total revenues. Total revenues refer to the sum of all revenue received across the tariffs listed in Schedule 5A to which the cost of debt adjustment will apply
RRR_t^{act}	Is the actual calculated real post tax ‘vanilla’ regulatory rate of return in regulatory year ‘t’
RRR_t^{det}	Is the determination real post tax ‘vanilla’ regulatory rate of return in regulatory year ‘t’
$RAB_{opening,t}^{det}$	Is the determination opening RAB in regulatory year ‘t’
$RAB_{closing,t}^{det}$	Is the determination closing RAB in regulatory year ‘t’
CPI_t	Is the Consumer Price Index: All Groups Index for the Eight Capital Cities as published by the Australian Bureau of Statistics (6401.0 - Table 8) for the March Quarter immediately preceding the start of the relevant regulatory year
CPI_{base}	Is the Consumer Price Index: All Groups Index for the Eight Capital Cities as published by the Australian Bureau of Statistics (6401.0 - Table 8) for the March Quarter in year 2023 equal to 132.6.

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Schedule 5 – Adjustment for costs associated with annual updates to the trailing average cost of debt

Formula 4: Trailing average cost of debt adjustment (continued)

α_t^j	Is the price for tariff j at regulatory year 't' before the cost of debt adjustment where:
$\alpha_t^j = p_{t-1}^j \times \frac{CPI_t}{CPI_{t-1}} \times (1 + PPM_t^j)$	
p_{t-1}^j	Is the price for tariff j in regulatory year 't-1'
$q_{j,t}^{det}$	Is the determination quantity for tariff j in regulatory year 't'
$\sum_{j=1,n}^{t=t} (\alpha_t^j \times q_{j,t}^{det})$	Is the sum of all revenue received across the tariffs listed in Schedule 5A to which the cost of debt adjustment will apply

Formula 4 outlines the process for calculating the adjustment to prices outlined in Schedule 5A to reflect the new cost of debt. This is done in two steps. The first step is to calculate the change in the revenue requirement by multiplying the adjustment to the rate of return, to reflect the updated cost of debt, by the average regulatory asset base.

The second step is to apply the change in the revenue requirement proportionally to tariff j, based on tariff j's relative share of total revenues. Total revenues are defined as the sum of all revenues received across the tariffs listed in Schedule 5A to which the cost of debt adjustment will apply.

Formula 5: Schedule 5A tariffs

$$p_t^{j,COD} = p_{t-1}^j \times \frac{CPI_t}{CPI_{t-1}} \times (1 + PPM_t^j) + CDA_t^j$$

$p_t^{j,COD}$	Is the price for tariff j at regulatory year 't' that accounts for the cost of debt adjustment. The cost of debt adjustment will apply to the tariffs listed in Schedule 5A
p_{t-1}^j	Is the price for tariff j in regulatory year 't-1'
CPI_t	Is the Consumer Price Index: All Groups Index for the Eight Capital Cities as published by the Australian Bureau of Statistics (6401.0 - Table 8) for the March Quarter immediately preceding the start of the relevant regulatory year
PPM_t^j	The prescribed price movement for the price component for tariff j in regulatory year 't' as per the determination
CDA_t^j	Is the trailing average cost of debt adjustment applied proportionally to tariff j, based on tariff j's relative share of total revenues as outlined in formula 4. Total revenues refer to the sum of all revenue received across the tariffs listed in Schedule 5A to which the cost of debt adjustment will apply.

Schedule 5 – Adjustment for costs associated with annual updates to the trailing average cost of debt

**The Common Seal of the
Essential Services
Commission** was affixed to
this Determination with the
authority of the commission.



Date: 26 June, 2023

A handwritten signature in blue ink, appearing to be "Kate Symons", written over a horizontal line.

Kate Symons
Chairperson

Annexure A

Table 1 Historical cost of debt (nominal)

Per cent

	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Cost of debt	7.05%	5.36%	5.27%	4.91%	4.53%	4.61%	3.31%	3.05%	3.75%	6.76%

Table 2 Forecast real regulatory rate of return

Per cent

	2023-24	2024-25	2025-26	2026-27	2027-28
Regulatory rate of return	2.59%	2.57%	2.65%	2.74%	2.85%

Table 3 Benchmark revenue requirement

\$m 2022-23

	2023-24	2024-25	2025-26	2026-27	2027-28
Operating expenditure	89.4	90.2	91.4	92.3	91.6
Return on assets	23.6	24.1	25.5	27.0	28.3
Regulatory depreciation	21.7	22.9	24.0	25.2	26.7
Total	134.6	137.2	140.9	144.5	146.6

Table 4 Closing regulatory asset base

\$m 2022-23

	2017-18	2018-19	2019-20	2020-21	2021-22
Opening RAB at 1 July	726.7	752.6	781.4	814.0	854.3
<i>Plus</i> Gross capital expenditure	49.3	48.8	53.4	63.7	43.5
<i>Less</i> Government contributions	-	-	-	-	-
<i>Less</i> Customer contributions	3.7	0.0	0.1	1.4	-
<i>Less</i> Proceeds from disposals	0.5	0.5	0.3	0.7	0.6
<i>Less</i> Regulatory depreciation	19.3	19.5	20.4	21.3	22.3
Closing RAB at 30 June	752.6	781.4	814.0	854.3	875.0

Table 5 Forecast regulatory asset base
\$m 2022-23

	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
Opening RAB at 1 July	875.0	892.7	929.5	948.7	975.6	993.5
<i>Plus</i> Gross capital expenditure	41.7	59.6	48.9	63.1	56.8	39.3
<i>Less</i> Government contributions	-	-	-	-	-	-
<i>Less</i> Customer contributions	0.4	0.3	6.3	11.7	13.4	9.6
<i>Less</i> Proceeds from disposals	0.3	0.8	0.5	0.6	0.3	0.5
<i>Less</i> Regulatory depreciation	23.4	21.7	22.9	24.0	25.2	26.7
Closing RAB at 30 June	892.7	929.5	948.7	975.6	993.5	996.0

Table 6 Approved licence fee and environmental contribution assumptions
\$m 2022-23

	2023-24	2024-25	2025-26	2026-27	2027-28
Essential Services Commission licence fee	0.1	0.1	0.1	0.1	0.1
Department of Health licence fee	0.0	0.0	0.0	0.0	0.0
Environment Protection Authority licence fee	0.4	0.4	0.4	0.4	0.4
Environmental contribution	5.8	5.6	5.4	5.2	5.0

Table 7 Bulk water purchases
\$m 2022-23

	2023-24	2024-25	2025-26	2026-27	2027-28
Bulk water purchases	2.1	2.1	2.1	2.1	2.2

Table 8 Demand forecast

	2023-24	2024-25	2025-26	2026-27	2027-28
Water assessments (no.)					
Residential	70,966	72,162	73,358	74,554	75,750
Non-residential	6,112	6,126	6,140	6,154	6,168
Total	77,078	78,288	79,498	80,708	81,918
Sewerage assessments (no.)					
Residential	64,186	65,355	66,524	67,693	68,862
Non-residential	5,384	5,398	5,412	5,426	5,440
Total	69,570	70,753	71,936	73,119	74,302
Billable water consumption (ML)					
Residential	11,680	11,857	12,040	12,216	12,399
Non-residential	46,680	46,685	46,691	46,691	46,696
Total	58,360	58,542	58,731	58,907	59,095

Table 9 Major capital projects

Project	Expected start date	Expected completion date
Saline Water Outfall Pipeline	2025-26	2027-28
Moe Sewer – Factory Road Sewer Pump Station and Rising Main Capacity Upgrade	2025-26	2027-28
Connect Traralgon and Morwell Water Networks Stage 1	2025-26	2027-28
Warragul Wastewater Treatment Plant Upgrade – Stage 1A	2023-24	2025-26
Greater Yarra System – Thomson River Pool Bulk Water Entitlement	2023-24	2023-24
New Basin at Clarkes Storage	2024-25	2026-27
Traralgon Tyers Interconnect	2024-25	2026-27
Warragul Sewer North-East Branch Augmentation	2023-24	2025-26
Drouin West Water Main Extension	2025-26	2026-27
Supervisory Control and Data Acquisition (SCADA) system replacement	2023-24	2025-26