



MONITORING THE RETURN OF THE UNREQUIRED DESALINATION PAYMENTS

JULY 2012

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Part 1 – Addressing the unrequired
desalination payments

Part 2 – How the unrequired
desalination payments came about

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PART 1 – ADDRESSING THE UNREQUIRED DESALINATION PAYMENTS

This part provides an overview of key issues and our proposed approach to monitoring the return of unrequired desalination payments to customers. We invite you to comment on our proposed approach and identify any additional issues or improvements that you think we should consider.

Feedback can be sent to us via email water@esc.vic.gov.au or post:

Water Team
Level 2, 35 Spring Street
Melbourne VIC 3000

Feedback should be sent to us by 10 August 2012. Any comments will be made available on our website.

WHAT HAS HAPPENED?

In 2011-12, Melbourne Water and four water retailers—City West Water, South East Water, Yarra Valley Water and Western Water—collected more payments than required from customers to cover costs relating to the Wonthaggi desalination plant.



HOW DID THIS COME ABOUT?

In 2009, the Essential Services Commission (Commission) authorised the maximum prices the water businesses can charge for the period to June 2013. These prices included a component for the desalination plant.

At the time, it was expected that the desalination plant would commence operation in December 2011. In today's dollars, we authorised the water businesses to collect nearly \$230 million in 2011-12 and \$460 million in 2012-13 from their customers. In other words, water prices approved in 2011-12 and 2012-13 included a maximum component of around \$690 million to cover costs associated with the desalination plant.

Because the desalination plant is running behind schedule, the amount required over this period is substantially less—possibly around \$300 million less—due to delays in construction and deferral of the completion date. The exact amount won't be known until the desalination plant commences operation. For every month that the plant commences early or late, these figures will vary by around \$45 to \$55 million.

It is now clear that the water businesses do not need the full amount that was built into the maximum water prices in the period to June 2013. All unrequired desalination payments collected from customers will be returned to customers. It is less precisely how much will be needed for 2012-13 because this critically depends on the project's completion date.

Part 2 of this paper provides more detail on how the desalination over-collection came about.

HOW WILL UNREQUIRED DESALINATION PAYMENTS BE RETURNED TO CUSTOMERS?

In June 2012, the Victorian Government and the water businesses announced a price freeze and a promise to return to customers any additional unrequired desalination payments with interest in the first quarter of 2013-14 (that is, between July and September 2013).

As a result, 2012-13 prices for water, sewerage, trade waste and some recycled water services will remain at 2011-12 levels.



If not for the price freeze, water and sewerage prices would have increased by around 9-11 per cent in 2012-13 for most customers serviced by the water retailers mentioned above.

It is important to note that desalination costs were not factored into all prices. Therefore, some services are not covered by the price freeze, including new customer contributions, application fees and drainage and waterways charges. The annual parks charge (which is collected by the water businesses on behalf of the Department of Sustainability and Environment) is also not covered by the price freeze.

WHAT WILL BE THE IMPACT FOR CUSTOMERS FROM THE PRICE FREEZE IN 2012-13?

The price freeze reduces the amount charged to retail water customers by around \$160-\$190 million in 2012-13 (the final amount will depend on the amount of water used by customers).

Depending on the timing of the completion of the desalination plant, and given the amount already contributed by customers, we want to review whether businesses could return more funds to customers ahead of the scheduled payment in July-September 2013.

In the next few weeks, our intention is to write to the relevant water businesses requiring them to supply us with the necessary information to assess whether an earlier repayment is possible.

All unrequired desalination payments collected by the water businesses will be returned to customers. The amount returned will include adjustments for inflation and interest to reflect the holding costs of any money collected but not yet required for desalination payment purposes.

We anticipate releasing the findings of our assessment in early to mid-September so that any repayments to customers could occur in the October-December 2012 quarter. Because we will still be facing some 'unknowns' at this time (for example, the exact commencement date for the desalination plant and customer consumption in 2012-13), we anticipate a small adjustment to customer bills will still be required in the period July-September 2013.



WHAT WILL BE THE REDUCTION IN BILLS OVER 2012-13 FOR EACH CUSTOMER?

The reduction in bills over 2012-13 will vary by customer—mainly depending on the services they receive, how much water they use, and whether they are an owner-occupier or a tenant. The reduction in bills for each customer will also vary depending on their water retailer. Each retailer would have collected different amounts from customers for desalination in 2011-12. Among the metropolitan retailers, small differences will arise due to differences in water and sewerage tariffs. For Western Water, the reduction will generally be lower as it sources water locally as well as from Melbourne Water.

The tables below show the estimated reduction in bills over 2012-13 due to the price freeze for different types of customers, and by water businesses.

As already noted, additional amounts may be returned—though it is not appropriate to estimate their value until further analysis is completed.

TABLE 1.1 RESIDENTIAL OWNER OCCUPIER – 145 KILOLITRES OF WATER USED IN 2012-13

	Bill <u>with</u> price freeze (\$)	Bill <u>without</u> price freeze^a (\$)	Estimated reduction due to price freeze (\$)
City West Water	799	880	81
South East Water	848	920	72
Yarra Valley Water	913	1002	89
Western Water	918	978	60

^a: Assuming the water businesses charged the maximum price.



TABLE 1.2 RESIDENTIAL TENANT – 145 KILOLITRES OF WATER USED IN 2012-13

	Bill <u>with</u> price freeze (\$)	Bill <u>without</u> price freeze^a (\$)	Estimated reduction due to price freeze (\$)
City West Water	412	448	36
South East Water	430	465	35
Yarra Valley Water	471	517	46
Western Water	207	225	18

^a: Assuming the water businesses charged the maximum price.

TABLE 1.3 SMALL BUSINESS – 240 KILOLITRES OF WATER USED IN 2012-13

	Bill <u>with</u> price freeze (\$)	Bill <u>without</u> price freeze^a (\$)	Estimated reduction due to price freeze (\$)
City West Water	1,473	1,621	148
South East Water	1,361	1,475	114
Yarra Valley Water	1,565	1,717	152
Western Water	1,152	1,235	83

^a: Assuming the water businesses charged the maximum price.

The amounts shown are notably lower than those reported in the media. There are two reasons for this discrepancy. First, while we are not privy to the basis by which the media calculated its estimates, we suspect no account was made for non-residential customers. Second, pending final completion details for the desalination plant, an additional return may be possible: this would raise the overall payment to customers. Appendix A provides more information on estimated customer bill impacts.



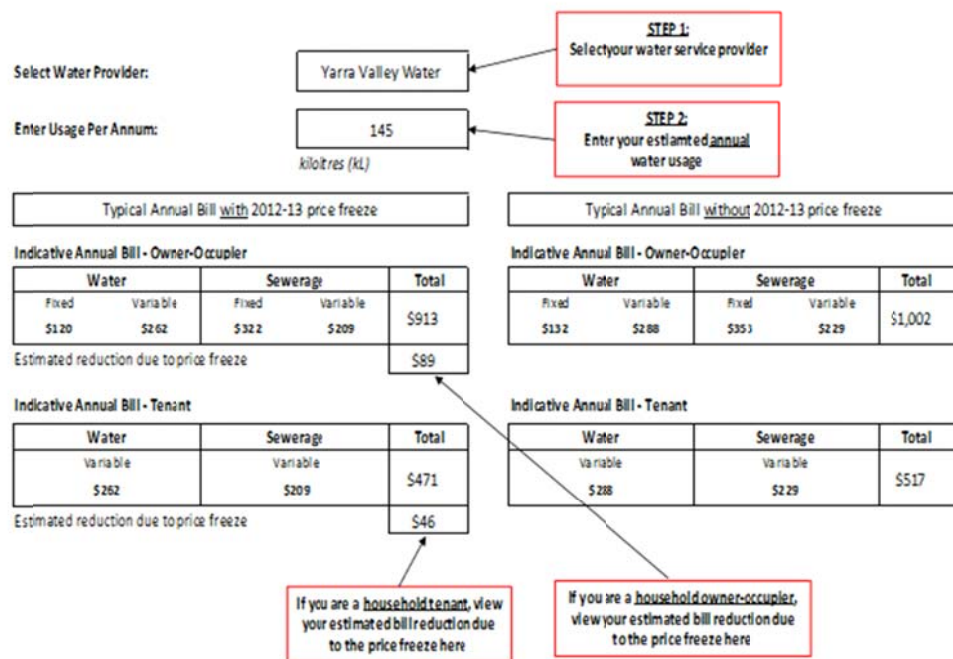
OUR ONLINE CALCULATOR

We also have an online calculator to assist customers who might want to estimate the impact of the price freeze on their bill. The calculator is available at:

<http://www.esc.vic.gov.au/Water/Tariff-approvals>

Using our online calculator, the estimated impact of the price freeze on a customer's bill can be calculated in two steps:

ONLINE CALCULATOR





WHAT IF CUSTOMERS HAVE MOVED OUT OF MELBOURNE OR FACE SPECIAL CIRCUMSTANCES?

The water businesses are considering how they will address the concerns of customers who have moved out of the area serviced by the four retailers, or where other special circumstances apply¹. We will review their proposals for addressing these concerns.

WHAT IS THE ROLE OF THE ESSENTIAL SERVICES COMMISSION IN RELATION TO THE RETURN OF UNREQUIRED DESALINATION PAYMENTS TO CUSTOMERS?

The Victorian Government has requested that we oversee and independently verify the return of unrequired desalination payments to customers, adjusted for interest and inflation.

We will also seek to ensure that the return of unrequired desalination payments is done in a transparent way and can be easily understood by customers.

We expect water businesses to cooperate fully with our findings regarding whether additional funds can be returned earlier to customers.

HOW WILL WE VERIFY THE RETURN OF UNREQUIRED DESALINATION PAYMENTS TO CUSTOMERS?

We will report to customers on the progress of the return of unrequired desalination payments through a quarterly report published on our website. The report will summarise how much money water businesses have returned to customers, how much is expected to be returned by the end of 2012-13, and forecasts for any remaining amounts to be returned in 2013-14.

Our intention is to release our first progress report in October 2012.

¹ See media release of 6 July 2012 - <http://www.premier.vic.gov.au/media-centre/media-releases/4381-coalition-to-refund-past-melbourne-water-customers.html>



We will also require an independent audit of customer bills to be undertaken to check that the price freeze has been implemented. The audit findings will be published on our website.

HOW WILL WE SEEK TO ENSURE THE RETURN IS TRANSPARENT AND EASY TO UNDERSTAND FOR CUSTOMERS?

We have already asked the metropolitan water businesses and Western Water to develop a joint approach to guide the return of unrequired desalination payments. We expect this approach to address a range of issues including:

- how much will be returned to customers and when?
- how will customers be able to see on their bill how much desalination money has been returned to them?
- what interest rate is being proposed to reflect the holding costs of any desalination money paid by customers but not yet paid to the desalination plant operator?
- how will the concerns of those people who have moved out of Melbourne be addressed?
- where can customers find updates and get more information?
- what are the procedures if a customer wishes to query or dispute an amount on their bill?
- what will happen if the water businesses are still holding any desalination funds at the end of 2012-13?
- what will happen if there are further delays with the desalination plant?

After businesses submit their approach to us, we will assess and monitor the businesses' approach and advise whether it is compliant with our customer protection framework. If we assess that the proposed approach is not compliant, we will require remedial action.



WILL COSTS OF IMPLEMENTING THE RETURN OF UNREQUIRED DESALINATION PAYMENTS BE REFLECTED IN FUTURE CUSTOMER PRICES?

Businesses may face additional costs because of updates to billing systems and the preparation of information packs and communications material for customers.

We have already advised the water businesses that no costs associated with the return of unrequired desalination payments will be reflected in customer prices, including interest paid to customers.

WHAT WILL CHANGE IN THE WAY WE AUTHORISE MAXIMUM PRICES IN THE FUTURE?

The over-collection of desalination related payments has exposed an undesirable inflexibility in the way prices have been regulated in Victoria. Under the regime currently in operation, the Commission can only authorise maximum prices for each water business.

While we always retain the option of 're-opening' our pricing decisions at any time, this involves a lengthy and complicated process in which: all interested parties must be allowed to make submissions, data must be collected and analysed, and draft decisions must be published and subjected to further consultation. As a result, even if the Commission had initiated a re-opener when the delay in the desalination plant was announced, it may have still taken us till mid-2013 to determine the scope of any repayment to customers. With the benefit of hindsight, this now seems to have been an overly inflexible set of arrangements.

Over the next 12 months, we will be analysing, and then authorising, pricing arrangements for the next five years (running from July 2013 to June 2018).

We anticipate development of a mechanism that provides us with greater powers to intercede in relation to events that may have a material impact on previously authorised prices. We are very conscious of the need to design any such powers in a way that does not: (i) undermine or interfere with the responsibilities of the independent boards of management of each of the water businesses; or (ii) cause prices to fluctuate unnecessarily for customers.



WHAT ARE THE NEXT STEPS?

A summary of next steps and timelines is provided in the table below.

TABLE 1.4 THE NEXT STEPS

Activity	Date
ESC advises on whether the businesses' joint approach is compliant with its customer protection framework	Late July 2012
ESC releases 'Early Repayment' report – a feasibility assessment of the ability to bring forward the return of unrequired desalination payments to customers	Mid-September 2012
ESC releases 'First Quarter Monitoring Report' – summarising progress on returning unrequired desalination payments to customers.	October 2012
ESC releases 'Second Quarter Monitoring Report'	January 2013
ESC releases 'Third Quarter Monitoring Report'	April 2013
ESC releases 'Fourth Quarter Monitoring Report'	July 2013
ESC releases 'Fifth Quarter Monitoring Report'	October 2013



PART 2: HOW THE UNREQUIRED DESALINATION PAYMENTS CAME ABOUT— A BACKGROUND PAPER

Below, we outline how the over-collection of desalination payments from customers eventuated. The analysis pertains to the role of Melbourne Water as Melbourne's water 'wholesaler' and the affected water retailers—City West Water, South East Water, Yarra Valley Water and Western Water.

All dollar amounts are in 2012-13 terms.

Note that the charts presented below are **indicative only**. The actual revenues and costs will vary depending on a range of factors that are still unknown including: water use by customers, population growth, the time of commencement of the desalination plant and the rate of interest to be applied on over-collected funds.

We will update the charts as applicable in our quarterly reports as more updated information becomes available.

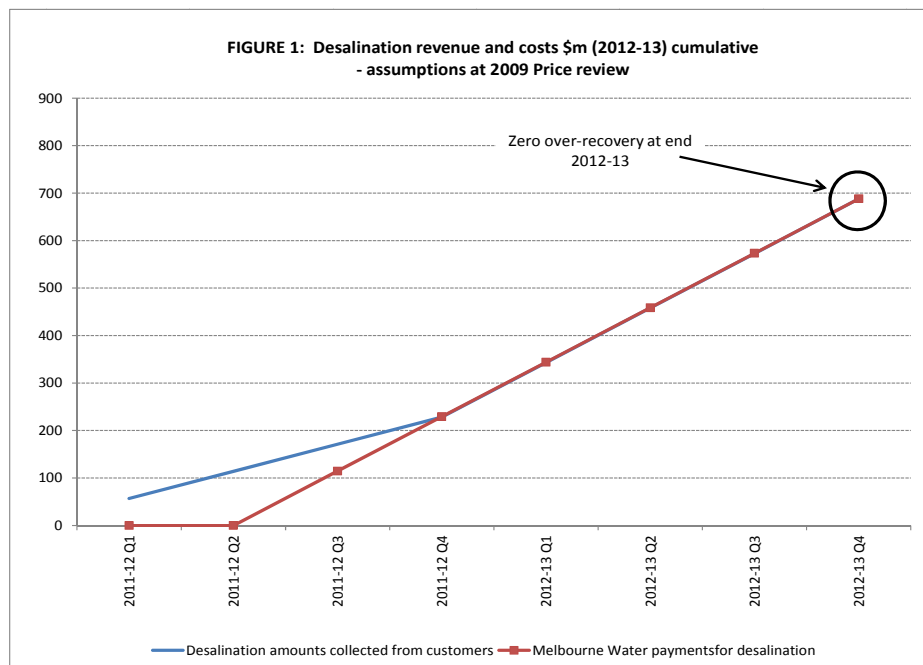


THE ORIGINAL PRICE DECISION (JUNE 2009)

In late 2008, the water businesses submitted to the Essential Services Commission (the Commission) their proposed prices for the period July 2009 to June 2013. At that time, the only information available regarding the *likely* costs of the desalination plant came in the form of a feasibility study conducted by the State Government.

That feasibility study indicated that the Wonthaggi desalination plant could be expected to commence operations in December 2011. The costs associated with the desalination plant would begin to flow through to customers once the plant commenced operations. Because the plant was only due to commence operations mid-way through the pricing year 2011-12, the water businesses proposed, and we accepted, that prices should increase as part of their annual price adjustment (that is, from 1 July 2011). This would have avoided customers facing two price increases within a few months, that is, in July and then again in December of that year.

To be clear, while the price increase may have taken effect prior to the commencement of the plan, the total amount collected from customers in 2011-12 was set so that it matched the total expected payment to the plant's operator in that year. The expected cash flows from these arrangements is shown in Figure 1.





The blue line shows the cumulative amount collected from customers over the four quarters of 2011-12. The red line shows the payments to be made to the plant's operator. Although the blue line initially sits above the red line, by the end of that financial year the two lines have converged. In other words, the total amount collected from customers was expected to match the forecast amount paid to the plant operator.

After that time—that is, throughout 2012-13—customer contributions and payments to the plant operator were scheduled to move 'in sync'.

As a result of these arrangements, customers' bills would have included about \$690 million over 2011-12 and 2012-13 to pay for the Wonthaggi desalination plant.

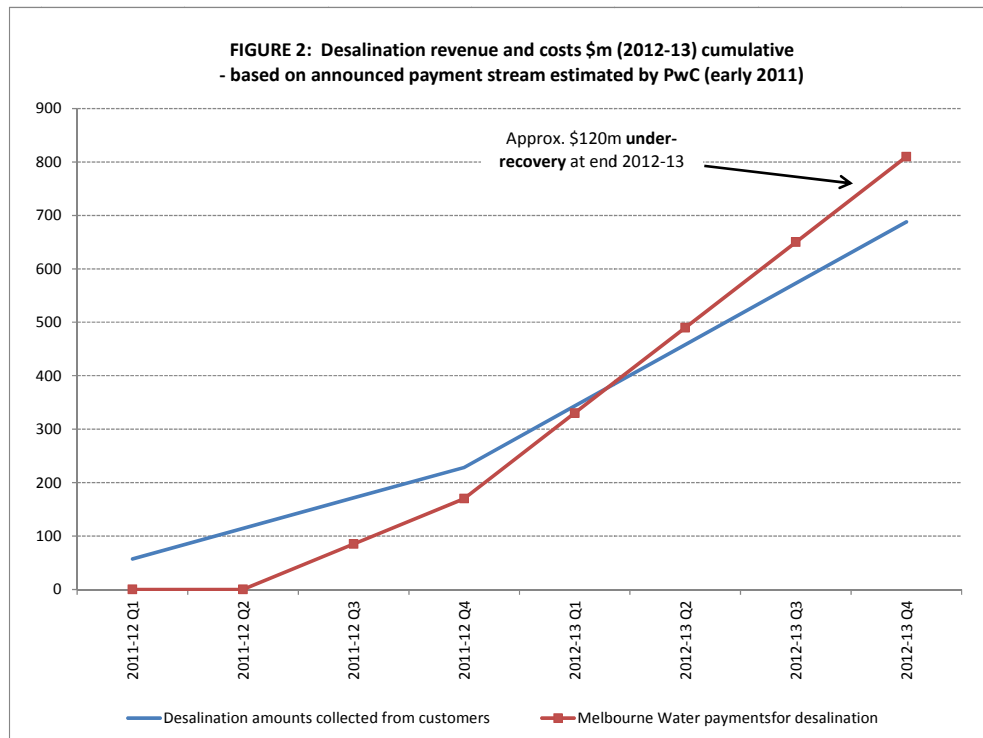
Had everything gone to the schedule outlined in the feasibility study, there would have been no over-collection of funds from customers.

UPDATED DESALINATION COSTS BECOME AVAILABLE (EARLY 2011)

In early 2011, the Victorian Government released figures prepared by PricewaterhouseCoopers (PwC) providing updated forecasts of the desalination costs in nominal terms for each year of the contract. These forecasts were based on the payment schedules reflected in the contract with the plant's operator. The forecast desalination costs for 2011-12 and 2012-13 were higher than those that had been factored into prices as part of the 2009 pricing decision.

Based on the PwC forecasts of the final contract costs, and based on the assumption that the desalination plant was still on schedule to commence in December 2011, the previously approved prices would not have generated enough revenue to cover the expected desalination costs. This can be seen in Figure 2.

Figure 2 shows a small over collection during 2011-12, but from early in 2012-13 the situation would have reversed. Indeed, by June 2013, customers would have underpaid by about \$120 million.



When this potential underpayment became apparent and concerns were raised with the Commission, we made it clear that we would not countenance a price 're-opener' until there was greater certainty about the plant's completion date. Subsequently, the commencement date was revised to mid-2012. This removed any case that may have existed for re-opening the earlier price decision.

FURTHER DELAYS IN COMMENCEMENT ANNOUNCED (EARLY 2012)

In November 2011, the Auditor-General's Annual Financial Report of the State of Victoria 2010-11 published a revised forecast commencement date of late 2012 and a revised completion date for the desalination plant of February 2013, noting that AquaSure (the consortium building the desalination plant) was still in discussions with contractors about timing.

A statement by Leighton Holdings to the Australian Stock Exchange in March 2012 specified a target completion date of the end of 2012. There was still uncertainty about project timing and costs at this stage.

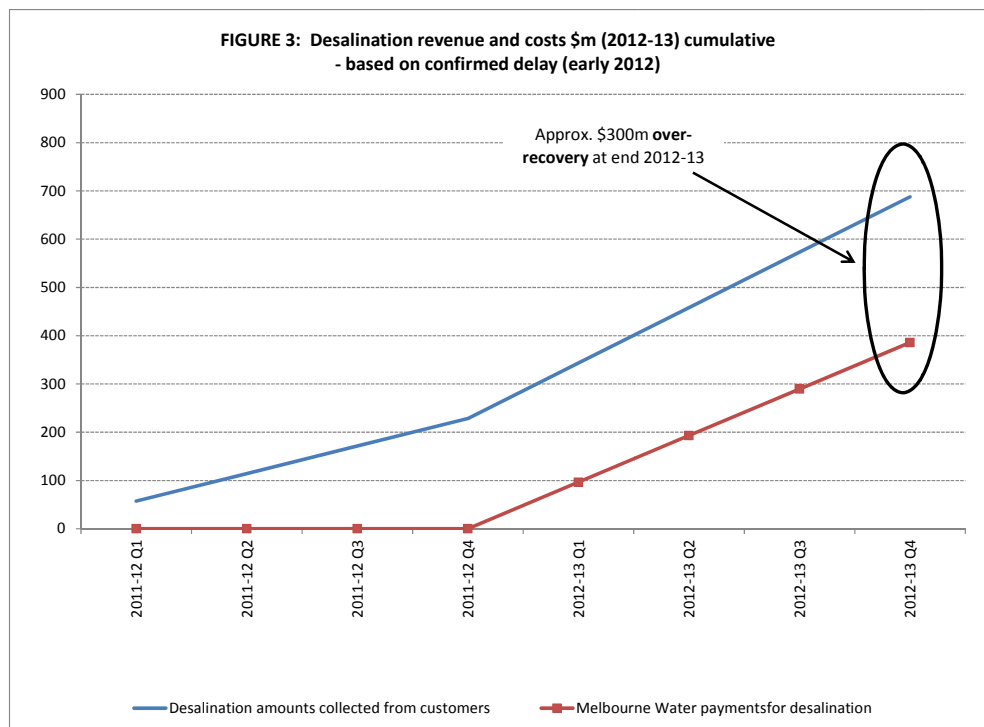


In early April 2012, the Victorian Government announced that no desalination water would be ordered in 2012-13. For the first time, it was now beyond doubt that the full amount (around \$690 million) factored into prices to cover desalination costs would no longer be required.

Figure 3 illustrates the impact of the announced delay to the commencement of the desalination plant, assuming a completion date for the project of February 2013.

The total amount scheduled to be collected from customers over the period July 2011 to June 2013, now exceeded the total amount required for payment to the plant's operator in that period. In other words, the blue line in Figure 3 does not converge to the red line.

Indeed, by June 2013, the expected gap between the two lines (that is, the amount expected to have been over-collected by that date) was possibly around \$300 million. It must be noted that the actual amount of over-collected funds still depends heavily on the expected completion of the desalination plant and various other factors such as customer water usage.





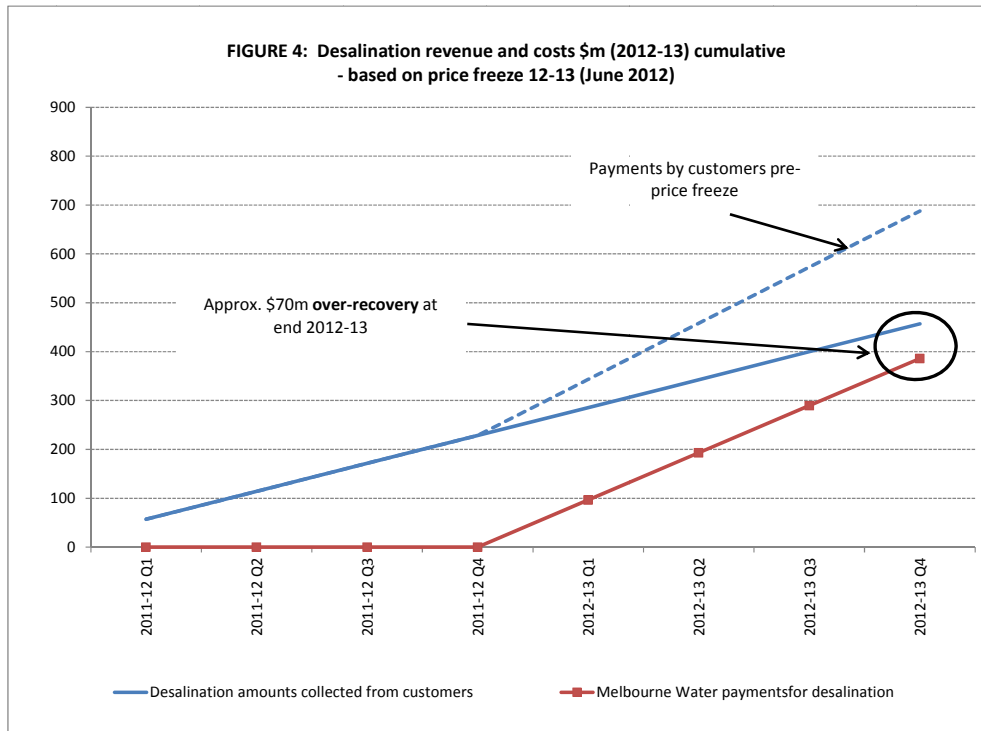
There are at least two very important observations that need to be drawn from Figure 3. First, the widely reported over-collected amount of about \$300 million, while accurate based on information then available, refers to a sum that would only ever eventuate by mid-2013. Second, in 2011-12 customers contributed around \$230 million towards the cost of the desalination plant even though the plant had not yet commenced operations. It was the task of the Melbourne Water and the relevant water retailers to reconcile the consequences of these two observations to ensure they received no windfall gain from the delayed commencement of the desalination plant.

VICTORIAN GOVERNMENT FREEZES PRICES FOR 2012-13 (JUNE 2012)

At the end of May 2012, the water businesses released Draft Water Plans for 2013-18. Melbourne Water proposed to return the over-collected funds to customers (via the water retailers) over a five year period commencing in July 2013. There was significant public dissatisfaction with this proposed course of action.

In response, the Victorian Government and the relevant water businesses announced that there would be no price increases in July 2012. That is, prices were to be frozen at their 2011-12 levels to help mitigate the collection of unrequired desalination payments from customers.

The impact of the price freeze on the projected over-collection of funds was immediate and significant—reducing the amount charged to water customers by around \$160 to \$190 million in 2012-13, depending on water consumption. The effect of the price freeze is shown in Figure 4. The impact is represented by the blue line swinging downwards (that is, the total funds collected from customers is reduced). The effect of the price freeze is to close the gap markedly between the blue and red lines. Nonetheless, a gap still exists, albeit much smaller than previously projected.



Importantly, as part of its price freeze announcement, the Victorian Government also announced that any excess funds remaining after 2012-13 (that is, the gap between the blue and red lines in Figure 4) will be returned to customers in the first bills issued after 1 July 2013.

Although the final amount will vary depending on factors such as water demand, population growth, the relevant interest rate (see below) and the timing of the desalination plant's commissioning, we currently estimate that the total amount to be over-collected by July next year could be around \$70 million. But we caution, that this is only an estimate and the final amount is heavily dependent on the rate of progress of the commissioning and completion of the desalination plant during 2012-13.



SO WHAT HAPPENS NEXT?

As discussed in part 1 of this paper, we will be monitoring and publicly reporting (quarterly) to ensure that the water industry receives no windfall gain as a result of the delayed commencement of the desalination plant. Alternatively stated, we will be acting to ensure that customers are no worse-off as a result of the delay. Nonetheless, some questions remain:

WHAT HAPPENS TO THE FUNDS ALREADY COLLECTED FROM CUSTOMERS?

The impact of the price freeze has been immediate and is being shown by all relevant water retailers on all water bills issued from 1 July 2012. Any excess funds retained by the water industry will be repaid to customers at a fair and reasonable rate of interest (including inflation). The rate of interest applied to these funds will also have an effect on the final calculation of the overall over-collection (that is, the gap between the blue and red lines in Figure 4). The higher the applicable interest rate, the greater the gap and the greater the amount to be returned to customers.

WHY NOT JUST RETURN THE REMAINING OVER-COLLECTION TO CUSTOMERS NOW?

While at the moment, the exact amount of the remaining over-collection cannot be known with certainty (it may differ somewhat from the \$70 million shown in Figure 4), the Commission will undertake an analysis of the options available to return some or all of these funds to customers ahead of schedule — that is, return funds to customers sooner than July-September 2013.

As noted in part 1 of this paper, we anticipate concluding and publishing our analysis of the available options by early to mid-September.



APPENDIX A – ESTIMATED BILL IMPACTS (\$2012-13)

RESIDENTIAL OWNER-OCCUPIERS

TABLE A.1 110 KL WATER CONSUMPTION PER YEAR

	Typical annual bill <u>with the price freeze</u> ^a	Typical annual bill <u>without</u> the price freeze	Estimated reduction due to price freeze ^b
City West Water	696	769	73
South East Water	740	804	64
Yarra Valley Water	797	874	77
Western Water	864	919	55

Note: The annual bill includes both fixed and variable water and sewerage charges. The annual bill does not include Parks and Waterways & Drainage charges. Non-residential customers pay different rates than household customers. **a** Prices in the Greater Melbourne service area at the same level as charged in 2011-12. **b** The estimated reduction due to the price freeze is based on typical consumption profiles.

**TABLE A.2 145 KL WATER CONSUMPTION PER YEAR**

	Typical annual bill <u>with</u> the price freeze^a	Typical annual bill <u>without</u> the price freeze	Estimated reduction due to price freeze^b
City West Water	799	880	81
South East Water	848	920	72
Yarra Valley Water	913	1002	89
Western Water	918	978	60

Note: The annual bill includes both fixed and variable water and sewerage charges. The annual bill does not include Parks and Waterways & Drainage charges. Non-residential customers pay different rates than household customers. **a** Prices in the Greater Melbourne service area at the same level as charged in 2011-12. **b** The estimated reduction due to the price freeze is based on typical consumption profiles.

TABLE A.3 220 KL WATER CONSUMPTION PER YEAR

	Typical annual bill <u>with</u> the price freeze^a	Typical annual bill <u>without</u> the price freeze	Estimated reduction due to price freeze^b
City West Water	1029	1131	102
South East Water	1092	1184	92
Yarra Valley Water	1175	1289	114
Western Water	1044	1117	73

Note: The annual bill includes both fixed and variable water and sewerage charges. The annual bill does not include Parks and Waterways & Drainage charges. Non-residential customers pay different rates than household customers. **a** Prices in the Greater Melbourne service area at the same level as charged in 2011-12. **b** The estimated reduction due to the price freeze is based on typical consumption profiles.



TABLE A.4 300 KL WATER CONSUMPTION PER YEAR

	Typical annual bill <u>with</u> the price freeze ^a	Typical annual bill <u>without</u> the price freeze	Estimated reduction due to price freeze ^b
City West Water	1308	1436	128
South East Water	1395	1513	118
Yarra Valley Water	1487	1631	144
Western Water	1243	1335	92

Note: The annual bill includes both fixed and variable water and sewerage charges. The annual bill does not include Parks and Waterways & Drainage charges. Non-residential customers pay different rates than household customers. **a** Prices in the Greater Melbourne service area at the same level as charged in 2011-12. **b** The estimated reduction due to the price freeze is based on typical consumption profiles.



RESIDENTIAL TENANTS

TABLE A.5 110 KL WATER CONSUMPTION PER YEAR

	Typical annual bill <u>with</u> the price freeze ^a	Typical annual bill <u>without</u> the price freeze	Estimated reduction due to price freeze ^b
City West Water	309	337	28
South East Water	322	349	27
Yarra Valley Water	355	389	34
Western Water	153	166	13

Note: The annual bill includes both fixed and variable water and sewerage charges. The annual bill does not include Parks and Waterways & Drainage charges. Non-residential customers pay different rates than household customers. **a** Prices in the Greater Melbourne service area at the same level as charged in 2011-12. **b** The estimated reduction due to the price freeze is based on typical consumption profiles.



TABLE A.6 145 KL WATER CONSUMPTION PER YEAR

	Typical annual bill <u>with</u> the price freeze^a	Typical annual bill <u>without</u> the price freeze	Estimated reduction due to price freeze^b
City West Water	412	448	36
South East Water	430	465	35
Yarra Valley Water	471	517	46
Western Water	207	225	18

Note: The annual bill includes both fixed and variable water and sewerage charges. The annual bill does not include Parks and Waterways & Drainage charges. Non-residential customers pay different rates than household customers. **a** Prices in the Greater Melbourne service area at the same level as charged in 2011-12. **b** The estimated reduction due to the price freeze is based on typical consumption profiles.

TABLE A.7 220 KL WATER CONSUMPTION PER YEAR

	Typical annual bill <u>with</u> the price freeze^a	Typical annual bill <u>without</u> the price freeze	Estimated reduction due to price freeze^b
City West Water	642	699	57
South East Water	674	729	55
Yarra Valley Water	733	804	71
Western Water	333	364	31

Note: The annual bill includes both fixed and variable water and sewerage charges. The annual bill does not include Parks and Waterways & Drainage charges. Non-residential customers pay different rates than household customers. **a** Prices in the Greater Melbourne service area at the same level as charged in 2011-12. **b** The estimated reduction due to the price freeze is based on typical consumption profiles.



TABLE A.8 300 KL WATER CONSUMPTION PER YEAR

	Typical annual bill <u>with</u> the price freeze^a	Typical annual bill <u>without</u> the price freeze	Estimated reduction due to price freeze^b
City West Water	921	1004	83
South East Water	977	1058	81
Yarra Valley Water	1045	1146	101
Western Water	532	582	50

Note: The annual bill includes both fixed and variable water and sewerage charges. The annual bill does not include Parks and Waterways & Drainage charges. Non-residential customers pay different rates than household customers. **a** Prices in the Greater Melbourne service area at the same level as charged in 2011-12. **b** The estimated reduction due to the price freeze is based on typical consumption profiles.



NON-RESIDENTIAL

TABLE A.9 SMALL BUSINESS: NO TRADE WASTE – 240 KL WATER CONSUMPTION PER YEAR

	Typical annual bill <u>with</u> the price freeze ^a	Typical annual bill <u>without</u> the price freeze	Estimated reduction due to price freeze ^b
City West Water	1473	1621	148
South East Water	1361	1475	114
Yarra Valley Water	1565	1717	152
Western Water	1152	1235	83

Note: The annual bill includes both fixed and variable water and sewerage charges. The annual bill does not include Parks and Waterways & Drainage charges. Non-residential customers pay different rates than household customers. **a** Prices in the Greater Melbourne service area at the same level as charged in 2011-12. **b** The estimated reduction due to the price freeze is based on typical consumption profiles.



TABLE A.10 COMMERCIAL BUSINESS: NO TRADE WASTE – 1000 KL WATER CONSUMPTION PER YEAR

	Typical annual bill <u>with</u> the price freeze^a	Typical annual bill <u>without</u> the price freeze	Estimated reduction due to price freeze^b
City West Water	4135	4519	384
South East Water	4148	4485	337
Yarra Valley Water	4317	4736	419
Western Water	2547	2761	214

Note: The annual bill includes both fixed and variable water and sewerage charges. The annual bill does not include Parks and Waterways & Drainage charges. Non-residential customers pay different rates than household customers. **a** Prices in the Greater Melbourne service area at the same level as charged in 2011-12. **b** The estimated reduction due to the price freeze is based on typical consumption profiles.

TABLE A.11 220 KL WATER CONSUMPTION PER YEAR

	Typical annual bill <u>with</u> the price freeze^a	Typical annual bill <u>without</u> the price freeze	Estimated reduction due to price freeze^b
City West Water	642	699	57
South East Water	674	729	55
Yarra Valley Water	733	804	71
Western Water	333	364	31

Note: The annual bill includes both fixed and variable water and sewerage charges. The annual bill does not include Parks and Waterways & Drainage charges. Non-residential customers pay different rates than household customers. **a** Prices in the Greater Melbourne service area at the same level as charged in 2011-12. **b** The estimated reduction due to the price freeze is based on typical consumption profiles.



TABLE A.12 300 KL WATER CONSUMPTION PER YEAR

	Typical annual bill <u>with the price freeze</u> ^a	Typical annual bill <u>without the price freeze</u>	Estimated reduction due to price freeze ^b
City West Water	921	1004	83
South East Water	977	1058	81
Yarra Valley Water	1045	1146	101
Western Water	532	582	50

Note: The annual bill includes both fixed and variable water and sewerage charges. The annual bill does not include Parks and Waterways & Drainage charges. Non-residential customers pay different rates than household customers. **a** Prices in the Greater Melbourne service area at the same level as charged in 2011-12. **b** The estimated reduction due to the price freeze is based on typical consumption profiles.