

Your ref.

Our ref.

Contact: Jarrah O'Shea, Manager Economics & Pricing

29 June 2015

Damian Bye
Assistant Director, Water Markets
Australian Competition and Consumer Commission
Level 36, 360 Elizabeth St
Melbourne VIC 3000

Dear Mr Bye

Re: Water Charge Rules Review – Issues Paper May 2015

Coliban Water welcomes the opportunity to provide a submission in response to the ACCC's review of Water Charge Rules.

Coliban Water predominantly provides urban water and sewer services to more than 150,000 people across Central and Northern Victoria. In addition, we maintain 15.7GL of Licence Volume in the isolated Zone 4B Coliban Channel system, supplying 1,300 rural customers. Our rural customers do not hold *water shares* or *delivery* rights as such, rather they access approximately 10.5GL of licence volume via Section 51 take and use licences subject to seasonal allocations. More than a quarter of rural customers hold only a 1ML licence and 85% hold a licence volume of 10ML or less.

Coliban Water operates integrated rural and urban water sources and infrastructure. Prices for both urban and rural services were determined by the Essential Services Commission Victoria in 2013, with binding rural price caps. As a result, Coliban Water already meets the obligations "in principle" of a Part 6 operator under the Water Charge Infrastructure Rules (WCIR), despite only facilitating up to 10.5GL of rural supply annually.

Coliban Water supports cost based regulation being applied at an entity level, rather than a service level, and the intent of a tiered approach to minimise regulatory burden for smaller infrastructure operators. However, we note the following:

- Part 4 of the WCIR: Publication Requirements for Rural Charges differ to publication requirements for our urban services, constraining our ability to comply with these WCIR requirements.
- Water Planning and Management (WPM): Infrastructure Operators are required to publish the cost breakdown of WPM charges, which is onerous when we only have a single WPM charge with approximately \$10K in revenue per annum.

Coliban Water considers it beneficial to simplify ACCC regulation through a consolidation of the water charge rules into a single instrument. However, if our rural services were to become subject to direct ACCC price determination, we contend that the duplication of regulation would have costs that would outweigh the benefits as our current price regulation is already broadly consistent with the goals of national regulation.

We would welcome the opportunity to present our views to the ACCC in person. If you have any questions regarding this submission please contact me directly.

Yours faithfully



Jarrah O'Shea
Manager Economics and Pricing