

26 September 2013



**EnergyAustralia**

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Darren Kearney  
Director  
Water Branch  
Australian Competition and Consumer Commission  
GPO Box 520  
Melbourne Victoria 3001

Ref.A564533

**RE: STATE WATER'S 2014-17 PRICING APPLICATION**

Dear Darren

On 2 September 2013, the NSW State Government has sold all of its interest in the Wallerawang and Mt Piper Power Stations to Energy Australia and now trade under the company name of EnergyAustralia NSW Pty Ltd. As such we are no longer a State Owned Corporation.

For the purpose of membership and Chair of the Fish River Customer Council, Mr Peter Gray will remain as EnergyAustralia NSW's representative and can be contacted directly on 02 63548200 or 02 63528680 or mobile 0407 253029. We would appreciate a meeting between yourself and EnergyAustralia NSW at your convenience.

It is however, important to inform you that EnergyAustralia believes that a real price reduction for the delivery of Fish River water be achieved over the next four (4) years.

EnergyAustralia prefers the current two (2) tiered costing model as it encourages water efficiency. An access to usage charge ration should always be in the order of 50:50 and State Water should be encouraged to maintain a more competitive marketing arrangement which encourages the most efficient use of this valuable resource.

An analysis of the proposed cost structure would see EnergyAustralia and all other customers discouraged to conserve this valuable water resource as it removes the financial incentive now in place. If customers were to be either restricted to less than 70% of its respective allocation or if in fact volunteered to reduce its demand for water to less than its full entitlement, a financial penalty would result. It is noted that in the last ten (10) years, water restrictions did apply for seven (7) of those years.

As Oberon Dam is the primary water resource for Oberon and many of Lithgow Council's villages and a supplementary source for Lithgow city and upper Blue Mountains towns, mechanisms which encourage conservation should be favoured and not removed.

Annual operating costs for the Fish River Supply Scheme is budgeted for around \$3.5M and forecast for 2012/13 was \$4.2M. Gross revenue is in the order of \$9.7M which provides a net contribution of approximately \$5.4M per year. Capital expenditure is in the order of \$1M per year. This should leave sufficient net funds to cover corporate expenses such as depreciation and debt repayments.

It is EnergyAustralia NSW's desire that access charges should not exceed more than 50% of cost for water when full allocation is available and used. Likewise, usage charge should be 50% or greater to maintain financial incentives to conserve this valuable water resource.

State Water should be encouraged to increase the sustainable yield of the FRWS scheme and offer excess water at a competitive price to encourage usage in times of abundance and encourage conservation in drier periods.

Yours Faithfully

A handwritten signature in black ink that reads "Warwick Robinson". The signature is written in a cursive, flowing style.

Warwick Robinson

A/General Manager/EnergyAustralia NSW