

Goulburn-Murray Water Determination

1 July 2024– 30 June 2028

12 June 2024

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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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 12 June 2024 the commission made its decision in respect of the prices which **Goulburn-Murray 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 **Goulburn-Murray 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 12 June 2024.

1.2. Application

This Determination applies to **Goulburn-Murray Water** and its successors and assigns in respect of the business carried on by **Goulburn-Murray 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 2024, 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 *Goulburn-Murray 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 *Goulburn-Murray Water*, extend or reduce the time by which, or the period within which, *Goulburn-Murray Water* or the commission must comply with an obligation under this Determination.

1.5. Summary and structure

Clause 2 of this Determination specifies the maximum charges or prices, or the manner in which these are to be calculated, determined or otherwise regulated, which will apply to *prescribed services* during the *regulatory period* and sets out the procedure and formula according to which these maximum charges or prices may be adjusted during the *regulatory period* on an annual basis. Clause 2.3 sets out the procedure according to which the Commission will annually adjust charges or prices. This includes a mechanism for adjusting *Goulburn-Murray Water's* revenue requirement using the calculation specified in Schedule 3 in respect of the second *regulatory year* in the *regulatory period* and each subsequent *regulatory year* in the *regulatory period*. Clauses 3 and 4 provide for the circumstances in which maximum charges or prices may be adjusted during the *regulatory period* otherwise 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) For convenience, Annexure A to this Determination summarises the assumptions underpinning the prices to apply to ***Goulburn-Murray 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 charges and prices

Goulburn-Murray Water must not charge more than:

- (i) the scheduled charges and 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 charges and scheduled prices in Schedule 2 relate.

(b) Application principles

The application principles in Schedule 4 will apply to the charges or prices charged by *Goulburn-Murray 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*, *Goulburn-Murray Water* must apply the pricing principles in Schedule 5 when determining the charges or prices to apply to the *prescribed services* to which the pricing principles in Schedule 5 relate.

2.2. Ancillary matters

(a) Contracts

Where *Goulburn-Murray Water* has entered into a contract which relates to the provision of *prescribed services* prior to 1 July 2024 (a *relevant contract*), *Goulburn-Murray 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 charges or prices set out in the contract. Once a *relevant contract* has expired or been terminated or the charges or prices in a *relevant contract* have been subject to a periodic review, the charges or scheduled prices in Schedule 2 (as adjusted in accordance with this Determination) or the charges or prices determined in

accordance with the pricing principles in Schedule 4 and Schedule 5 will apply for the remainder of the *regulatory period*.

(b) Dispute Resolution

Any dispute as to whether a charge or 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

Goulburn-Murray Water must publish a list of its current charges and prices and pricing principles for *prescribed services*, and all relevant supporting information that it has relied upon to apply the charges and 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 charge or price, the amount determined in accordance with this Determination, the amount of GST payable and the total charge or price.

GST

Goulburn-Murray Water will not be considered to be in contravention of this Determination if a charge or 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

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

(b) Formula

- (i) Subject to Schedule 2 and Schedule 6, each price for **prescribed services** referred to in clause 2.3(a) will be adjusted in accordance with the following formulae with effect from the beginning of each subsequent **regulatory year** in the **regulatory period**:

$$\sum_{i=1}^n \sum_{j=1}^m p_t^{ij} q_t^{ij} \leq cap_t$$

$$cap_t = rev_t \times \frac{CPI_t}{CPI_{base}} + RRR_t^{rev\ cap\ adj} + \left(cap_{t-1} - \sum_{i=j}^n \sum_{j=1}^m p_{t-1}^{ij} * q_{t-1}^{ij} \right) \times \frac{CPI_t}{CPI_{t-1}} \times (1 + RRR_t) + MDBA$$

where **Goulburn-Murray Water** has n tariff categories, which have up to m tariff components, and where:

p_t^{ij} is the proposed tariff component j of tariff i for **regulatory year** t

q_t^{ij} is the forecast quantity of tariff component j of tariff i for **regulatory year** t

cap_t is the revenue cap for **regulatory year** t calculated in accordance with the formula set out above

cap_{t-1} is the revenue cap for **regulatory year** t-1: for the second year of the **regulatory period**, cap_{t-1} is equal to rev_t for the first **regulatory year** as set out in Schedule 3. For subsequent **regulatory years**, cap_{t-1} is the amount calculated for **regulatory year** t-1 in accordance with the formula set out above

rev_t is the total revenue requirement for **regulatory year** t as set out in Schedule 3

$RRR_t^{rev\ cap\ adj}$ Is the trailing average cost of debt adjustment to revenue requirement that applies to revenue cap tariffs:

$$RRR_t^{rev\ cap\ adj} = (RRR_t - RRR_t^{det}) \times \left(\frac{RAB_{opening,t}^{det} + RAB_{closing,t}^{det}}{2} \right) \times \frac{CPI_t}{CPI_{base}}$$

Where,

RRR_t Is the post-tax regulatory rate of return in real terms for **regulatory year** 't' rounded to 2 decimal place, i.e. 4.347% is rounded to 4.35% (refer to formula in Schedule 6)

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 regulatory asset base in **regulatory year** 't'

$RAB_{closing,t}^{det}$ Is the determination closing regulatory asset base in **regulatory year** 't'

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 2024 equal to 137.4

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

q_{t-1}^{ij} is the estimate of the actual quantities of tariff component j of tariff i 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

MDBA

is an allowance to reflect the cost contribution/the amount of any material change in the annual contribution required to be made by ***Goulburn-Murray Water*** to the Department of Energy, Environment and Climate Action in respect of the Victorian share of the Murray-Darling Basin Authority contribution as calculated by the commission

- (ii) If the commission has not made a determination in respect of the prices for ***prescribed services*** to apply in the ***next regulatory period*** on or before 30 June 2028, the regulatory requirement for ***regulatory year*** rev_t will be set equal to " $(rev_{t-1} * \frac{CPI_t}{CPI_{t-1}})$ " for the purpose of adjusting prices in accordance with the formulae in clause 2.3(b)(i) for ***regulatory years*** commencing on or after 1 July 2028 until the date on which this Determination is amended or revoked by a later determination.
- (iii) Subject to 2.3(b)(iv), any increase in any price in Schedule 2 in any ***regulatory year*** must not exceed the weighted average of all price increases in that ***regulatory year*** by more than 10 per cent in real terms.
- (iv) Clause 2.3(b)(iii) does not apply to prices in Schedule 2 marked with the symbol (^).

(c) Adjustment procedure

- (i) At least 40 days prior to the commencement of each subsequent ***regulatory year*** in the ***regulatory period***, ***Goulburn-Murray Water*** must submit its proposed charges and prices for the ***prescribed services*** referred to in clause 2.3(a) to apply in the 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 including in relation to the proposed prices for the **prescribed services** referred to in clause 2.3(b), such information to comprise:

- (A) the forecast quantities for regulatory year t " q_t^{ij} " (referred to in the relevant formula in clause 2.3(b)(i)) and an explanation of why the forecast quantities are different from those set in its pricing proposal by at least a 10 per cent variance, where applicable;
 - (B) the estimate of actual quantities for **regulatory year** t-1 " q_{t-1}^{ij} " (referred to in the relevant formula in clause 2.3(b)(i));
 - (C) information which explains the calculation of the items referred to in subparagraphs (A) and (B) above;
 - (D) information relating to any **revised scheduled price** which **Goulburn-Murray Water** proposes to introduce in **regulatory year**; and
 - (E) the actual or anticipated change (if any) in the annual contribution required to be made by **Goulburn-Murray Water** to the Murray-Darling Basin Authority; and
 - (F) any other information required by the commission.
- (ii) The commission will approve the **revised scheduled prices** if it considers that:
- (A) the revised prices have been calculated in accordance with the formulae set out in clause 2.3(b)(i) with any necessary adjustments to comply with clause 2.3(b)(iii);
 - (B) the items referred to in clause 2.3(c)(i)(A), (B) and (E) are reasonable and in the case of (E) is also material;
- (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 **Goulburn-Murray Water** within 30 **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 ***Goulburn-Murray Water*** (including a statement of its reasons);
- (B) may request ***Goulburn-Murray Water*** to provide any additional information specified by the commission;
- (C) will take any additional information provided by ***Goulburn-Murray 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 ***Goulburn-Murray Water*** issues an invoice in respect of a billing period during which a change to any charge or price for a ***prescribed service*** comes into effect in accordance with this Determination.

(b) Method of charging

Goulburn-Murray Water must not charge the charges or 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 charges or prices applicable for each of those periods on a pro-rata basis.

2.5 Reporting requirements

- (a) ***Goulburn-Murray 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 ***Goulburn-Murray Water*** is complying with this Determination.
- (b) Without limiting clause 2.5(a), if, during the ***regulatory period***, ***Goulburn-Murray Water*** enters into a ***new 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 5 relate, ***Goulburn-Murray 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 charges or prices in the ***new contract*** reflect the relevant pricing principles.

- (c) Without limiting clause 2.5(a), if **Goulburn-Murray 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 **Goulburn-Murray 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, **Goulburn-Murray 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. Uncertain or unforeseen events

3.1. General principles

- (a) With effect from the commencement of the second *regulatory year* in the *regulatory period*, *Goulburn-Murray Water* may apply to the commission for the amendment of this Determination and/or the adjustment of the scheduled prices in Schedule 2 and/or the adjustment of the revenue requirements in Schedule 3 to reflect increased or decreased costs incurred by *Goulburn-Murray Water* and/or increased or decreased revenue received by *Goulburn-Murray Water* in relation to *prescribed services* as a result of an event which could not reasonably have been foreseen at the time this Determination was made (an *uncertain events application*).
- (b) Whether or not *Goulburn-Murray Water* makes an application under clause 3.1(a), *Goulburn-Murray 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 *Goulburn-Murray Water* and/or increased or decreased revenue received by *Goulburn-Murray 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 *Goulburn-Murray Water* 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 3.1(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.

3.2. 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 **Goulburn-Murray 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 **Goulburn-Murray 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 **Goulburn-Murray 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 3.2(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 3.1(c), the commission will not take into account matters that:

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

(c) Dispute resolution

Any dispute as to whether a matter should be taken into account by the commission under this clause 3 will be determined by the commission in its absolute discretion.

3.3. Procedure

(a) Application information for *Goulburn-Murray 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 3.3(a)(i)(B); and
 - (D) details of the proposed action to be taken by the commission under clause 3.3(b).

- (ii) The commission may identify an event or events which it considers has had or may have a material impact on **Goulburn-Murray Water's** operating and/or capital expenditure and/or revenue and may decide to take action under clause 3.3(b) in the absence of an ***uncertain events application*** by **Goulburn-Murray Water**.
- (iii) The commission may request **Goulburn-Murray Water** to provide any additional information specified by the commission in connection with an ***uncertain events application***. **Goulburn-Murray 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 3.1(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 **Goulburn-Murray Water** of the matters in clause 3.3(b)(i) and clause 3.3(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 and/or the revenue requirements in Schedule 3 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 and/or the revenue requirements in Schedule 3 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 ***Goulburn-Murray 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 3.1(c). ***Goulburn-Murray 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 3.1(c) in respect of an ***uncertain events application*** or a process initiated by the commission under clause 3.3(a)(ii), the commission may, in its absolute discretion:

- (i) amend this Determination or adjust the scheduled prices in Schedule 2 and/or the revenue requirements in Schedule 3 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 3.1(c) into account in making its determination in respect of the prices which ***Goulburn-Murray 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 3 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.

4. 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 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.

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.

Commission means the Essential Services Commission established under the *ESC Act*.

diversion services means diversion services within the meaning in the *WIRO*.

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

Goulburn-Murray Water means Goulburn-Murray Water Rural Water Corporation [trading as Goulburn-Murray Water (ABN 46 761 336 846)].

groundwater services means **diversion services** within the meaning in the *WIRO* in respect of groundwater.

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.

new contract means any contract for prescribed services which is renewed, renegotiated or entered into during the regulatory period.

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, as at the date of this Determination, includes **groundwater services**, **diversion services** and **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 2024 and ending on 30 June 2028.

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

relevant contract means a contract which relates to the provision of prescribed services.

Statement of Obligations means an applicable statement of obligations made under section 41(2) of the Water Industry Act 1994 (Vic).

Termination fees means termination fees as referred to in Part 10 of the Water Charge Rules 2010 (Cth).

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 two 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 – Charges and Prices

This schedule should be read in conjunction with Schedules 3, 4 and 5. All charges are rounded to 2 decimal places.

Tariff and Price Component	Unit	Price
		(1 July 2024)
1.1 Customer Service & Billing		
Customer Fee	Per customer	138.88
Water Register Fee	Transaction	14.98
GoulburnMurray Irrigation District (Central Goulburn, Loddon Valley, Murray Valley, Rochester, Shepparton and Torrumbarry Irrigation Areas)		
1.2 GMID Gravity Irrigation		
Service Point Fee – D&S	D&S Service Point	145.16
Service Point Fee – Local Operate	Irrigation Service Point	497.37
Service Point Fee – Remote Operate	Irrigation Service Point	1129.45
Distribution		
Infrastructure Access Fee	ML/Day	2827.78
Infrastructure Use Fee	ML	5.71
Casual Infrastructure Use Fee	ML	48.14
Distribution Access Fee	ML/Day	2827.78
Distribution Use Fee	ML	5.71
Delivery Share Reservation	ML/Day	2827.78
Termination Fee *	ML/Day	28277.87
East Drainage		
1.3 East (Shepparton) Community Surface Drainage		
Community Surface Drainage Fee	KM	746.06
1.4 East (Shepparton) Surface Drainage		
Area Fee	ha	16.77
Water Use Fee	ML	2.80

Tariff and Price Component	Unit	Price
		(1 July 2024)
Drainage Diversion Site Fee	Site	56.99
1.5 East (Murray Valley) Community Surface Drainage		
Community Surface Drainage Fee	KM	746.06
1.6 East (Murray Valley) Surface Drainage		
Area Fee	ha	13.97
Water Use Fee	ML	2.41
Drainage Diversion Site Fee	Site	56.99
1.7 East Subsurface Drainage		
Area Fee	ha	4.75
Municipal Area Fee	ha	19.02
Central Drainage		
1.8 Central (Central Goulburn) Community Surface Drainage		
Community Surface Drainage Fee	KM	746.06
1.9 Central (Central Goulburn) Surface Drainage		
Area Fee	ha	11.62
Water Use Fee	ML	2.18
Drainage Diversion Site Fee	Site	56.99
1.10 Central (Rochester-Campaspe) Community Surface Drainage		
Community Surface Drainage Fee	KM	746.06
1.11 Central (Rochester-Campaspe) Surface Drainage		
Area Fee	ha	10.82
Water Use Fee	ML	1.95
Drainage Diversion Site Fee	Site	56.99
1.12 Central Subsurface Drainage		
Area Fee	ha	4.60
Water Use Fee	ML	1.24
Municipal Area Fee	ha	18.40

Tariff and Price Component	Unit	Price
		(1 July 2024)
West Drainage		
1.13 West (Loddon Valley) Community Surface Drainage		
Community Surface Drainage Fee	KM	746.06
1.14 West (Loddon Valley) Surface Drainage		
Area Fee	ha	8.65
Water Use Fee	ML	3.79
Drainage Diversion Site Fee	Site	56.99
1.15 West (Torrumbarry) Community Surface Drainage		
Community Surface Drainage Fee	KM	746.06
1.16 West (Torrumbarry) Surface Drainage		
Area Fee ^	ha	5.62
Water Use Fee	ML	1.49
Drainage Diversion Site Fee	Site	56.99
Tyntynder Drainage		
1.17 Tyntynder Surface Drainage		
Area Fee	ha	19.76
Water Use Fee	ML	5.45
Drainage Diversion Site Fee	Site	56.99
Tungamah Water Supply District		
1.18 Tungamah Water Supply District		
Service Point Fee	Service Point	145.16
Water Allowance Storage Fee	ML/Allowance	10.97
Infrastructure Access Fee	kL/Day	104.65
Infrastructure Use Fee	ML	80.32
Excess Fee	ML	2002.31
Loddon Water Supply District		
1.19 Normanville Water Supply District		
Service Point Fee	Service Point	145.16

Tariff and Price Component	Unit	Price
		(1 July 2024)
Water Allowance Storage Fee	ML/Allowance	10.97
Infrastructure Access Fee	kL/Day	171.43
Infrastructure Use Fee	ML	165.37
Excess Fee	ML	2002.31
1.20 East Loddon (North) Water Supply District		
Water Allowance Storage Fee	ML/Allowance	10.97
Infrastructure Access Fee	ha	2.98
Distribution Access Fee	ML/Day	2827.78
Distribution Use Fee	ML	5.71
Excess Fee	ML	2002.31
1.21 East Loddon Water Supply District		
Service Point Fee	Service Point	145.16
Water Allowance Storage Fee	ML/Allowance	10.97
Infrastructure Access Fee	kL/Day	52.02
Infrastructure Use Fee	ML	106.21
Excess Fee	ML	2002.31
1.22 West Loddon Water Supply District		
Water Allowance Storage Fee	ML/Allowance	10.97
Infrastructure Access Fee	ha	2.93
Excess Fee	ML	2002.31
1.23 Mitiamo Water Supply District		
Service Point Fee	Service Point	145.16
Water Allowance Storage Fee	ML/Allowance	10.97
Infrastructure Access Fee	kL/Day	190.52
Infrastructure Use Fee	ML	30.06
Distribution Access Fee	kL/Day	190.52
Distribution Use Fee	ML	30.06
Excess Fee	ML	2002.31

Tariff and Price Component	Unit	Price
		(1 July 2024)
Torrumbarry-Pumped		
1.24 Woorinen Pumped Irrigation		
Service Point Fee – D&S	D&S Service Point	145.16
Service Point Fee – Local Operate ^	Irrigation Service Point	595.81
Service Point Fee – Remote Operate	Irrigation Service Point	1129.45
Distribution		
Infrastructure Access Fee	ML/Day	4727.14
Infrastructure Use Fee	ML	26.88
Casual Infrastructure Use Fee	ML	97.79
Delivery Share Reservation	ML/Day	4727.14
Termination Fee *	ML/Day	47271.40
1.25 Woorinen SubSurface Drainage		
Area Fee	ha	3.53
Water Use Fee	ML	1.40
1.26 Nyah Pumped Irrigation		
Service Point Fee – D&S	D&S Service Point	145.16
Service Point Fee – Local Operate	Irrigation Service Point	497.37
Distribution		
Infrastructure Access Fee	ML/Day	4296.08
Infrastructure Use Fee	ML	34.55
Casual Infrastructure Use Fee	ML	98.99
Delivery Share Reservation	ML/Day	4296.08
Termination Fee *	ML/Day	42960.81
1.27 Nyah SubSurface Drainage		
Water Use Fee	ML	8.25
1.28 Tresco Pumped Irrigation		
Service Point Fee – D&S	D&S Service Point	145.16
Service Point Fee – Local Operate	Irrigation Service Point	497.37

Tariff and Price Component	Unit	Price
		(1 July 2024)
Distribution		
Infrastructure Access Fee	ML/Day	5248.68
Infrastructure Use Fee	ML	20.25
Casual Infrastructure Use Fee	ML	98.98
Delivery Share Reservation	ML/Day	5248.68
Termination Fee *	ML/Day	52486.80
1.29 Tresco SubSurface Drainage		
Sub Surface Drainage Fee	ML	3.36
Surface Water Diversions		
1.30 Regulated Waterways		
Service Point Fee – Unmetered ****	Service Point	127.74
Service Point Fee – Metered (excluding D&S)	Service Point	497.37
Access Fee	Service Point	203.30
1.31 Unregulated Waterways		
Service Point Fee – Unmetered ****	Service Point	127.74
Service Point Fee – Metered (excluding D&S)	Service Point	497.37
Access Fee	Service Point	77.40
Resource Management Fee	ML	3.34
Groundwater Diversions		
1.32 Groundwater		
Service Point Fee – Unmetered ****	Service Point	127.74
Service Point Fee – Metered (excluding D&S)	Service Point	497.37
Access Fee	Service Point	136.15
Resource Management Fee	ML	4.58
1.33 Shepparton Irrigation Region Groundwater		
Access Fee	Service Point	65.33
Resource Management Fee	ML	0.77

Tariff and Price Component	Unit	Price
		(1 July 2024)
Storage		
1.34 Entitlement Storage Fee		
Broken Basin – HRWS	ML	10.97
Broken Basin – LRWS	ML	5.01
Goulburn Basin – HRWS	ML	10.97
Goulburn Basin – LRWS	ML	5.01
Campaspe Basin – HRWS	ML	10.97
Campaspe Basin – LRWS	ML	5.01
Loddon Basin – HRWS	ML	10.97
Loddon Basin – LRWS	ML	5.01
Bullarook Basin – HRWS	ML	10.97
Bullarook Basin – LRWS	ML	5.01
Murray Basin – HRWS	ML	12.17
Murray Basin – LRWS	ML	4.46
Ovens Basin – HRWS	ML	12.17
Ovens Basin – Spill Reliability	ML	4.46
1.35 Entitlement Storage Fee – Above Entitlement Storage		
Goulburn Basin ^	ML	4.52
Campaspe Basin	ML	18.86
Murray Basin	ML	4.77
Bulk Water		
1.36 Murray Basin		
Murray Basin HR	ML	10.28
Murray Basin LR	ML	4.68
Murray System WR Equivalent	ML	12.04
Murray Basin Above Entitlement Storage	ML	4.68
1.37 Ovens Basin		
Oven Basin HR	ML	87.20

Tariff and Price Component	Unit	Price
		(1 July 2024)
1.38 Broken Basin		
Broken Basin HR	ML	69.13
Broken Basin LR **	ML	NA
1.39 Goulburn Basin		
Goulburn Basin VHR	ML	8.98
Goulburn Basin HR	ML	8.57
Goulburn Basin LR ^	ML	4.43
Goulburn Basin WR Equivalent	ML	10.94
Goulburn Basin Above Entitlement Storage ^	ML	4.43
1.40 Campaspe Basin		
GMW Capacity Share		
Campaspe Basin HR	ML	29.97
Campaspe Basin LR	ML	18.49
Campaspe Basin Above Entitlement Storage	ML	18.49
Coliban Capacity Share	ML	37.62
1.41 Loddon Basin		
Loddon Basin HR	ML	50.87
Loddon Basin LR ***	ML	NA
1.42 Bullarook Basin		
Bullarook Basin HR	ML	532.45
Bullarook Basin LR	ML	322.61

* Indicative: The figures shown will generally apply to terminations requested to apply within six months of a customer submitting a written information request. For terminations requested to apply more than six months after the written information request is submitted, the termination fee will be that applicable at the date of termination.

**Broken Basin LR is a new tariff starting from 1 July 2025 at \$5.16 in 2024-25 dollars.

***Loddon Basin LR is a new tariff starting from 1 July 2025 at \$5.16 in 2024-25 dollars.

**** Service point fee – unmetered will increase only by inflation each year over 2024–28. This fee is not included in the revenue cap.

Miscellaneous Tariff and Price Component	Unit	Price
(1 July 2024)		
Groundwater		
1.43 Works Licence		
Groundwater – Construct Works Licence - Non Licensable Bore Form 72 Issue New/Alter Existing/Amend Existing/Replace Existing		280.00
Groundwater – Construct Works - Non Licensable Bore Form 72 Renew Existing/ Transfer Ownership		280.00
Groundwater – Construct Works Licence - Non Licensable Bore Form 72 Additional Bore		155.00
Groundwater – Construct Works Licence - Licensable Bore Form 70 Issue New/Alter Existing/Amend Existing		2245.00
Groundwater – Construct Works Licence - Licensable Bore Form 70 Renew Existing/ Transfer Ownership		255.00
Groundwater – Construct Workers Licence - Licensable Bore Form 70 Replace Existing		1295.00
Groundwater – Construct Works Licence - Licensable Bore Form 70 Additional Bore		155.00
Groundwater – Construct Works Licence – Form 76 Decommission Works		335.00
Groundwater - Online – Construct a Domestic and Stock Bore		243.51
Groundwater - Online – Amend and Renew a Domestic and Stock Bore		82.90
Groundwater - Online – Construct an Investigation or Monitoring Bore		243.51
Groundwater - Online – Amend and Renew an Investigation or Monitoring Bore		82.90
1.44 Take and Use Licence		
Groundwater – Take and Use Licence - Licensable Bore Form 91 Issue New		2245.00
Groundwater – Take and Use Licence - Licensable Bore Form 75GW Temporary Transfer Water Entitlement Tier 1		255.00
Groundwater – Take and Use Licence - Licensable Bore Form 75GW Temporary Transfer Water Entitlement Tier 2		1955.00

Miscellaneous Tariff and Price Component	Unit	Price
		(1 July 2024)
Groundwater – Take and Use Licence - Licensable Bore Form 75GW Temporary Transfer Water Entitlement Tier 2B		565.00
Groundwater – Take and Use Licence - Form 74GW Permanent Transfer Water Entitlement		2245.00
Groundwater – Take and Use Licence - Licensable Bore Form 93 Transfer Ownership/Transfer Extraction Share		255.00
Groundwater – Take and Use Licence - Licensable Bore Form 73GW Renew Existing		795.00
Groundwater – Take and Use Licence - Licensable Bore Form 91 Decrease volume/Remove land		255.00
Groundwater – Take and Use Licence - Licensable Bore Form 78 Subdivide a Licence		1595.00
Groundwater – Take and Use Licence - Licensable Bore Form 77 Amalgamate Licences		1595.00
Groundwater – Take and Use Licence - Licensable Bore Form 91 Amend Existing		1060.00
Regulated Rivers and Streams		
1.45 Works Licence		
Regulated Rivers - Construct Works Licence – Form 29 Issue New		890.00
Regulated Rivers – Construct Works Licence – Form 31 Renew Existing		280.00
Regulated Rivers - Operate Works Licence – Form 29 Issue New		890.00
Regulated Rivers - Operate Works Licence – Form 31 Amend Existing/Renew Existing		855.00
Regulated Rivers - Operate Works Licence – Form 31 Transfer Ownership		185.00
1.46 Water Use Licence or Registration		
Regulated Rivers - Water Use Licence or Registration - Form 23 Issue New (with Field Inspection)		860.00
Regulated Rivers - Water Use Licence or Registration – Form 23 Issue New (without Field Inspection)		150.00
Regulated Rivers – Water Use Licence or Registration – Form 24 Vary Existing		150.00

Miscellaneous Tariff and Price Component	Unit	Price
		(1 July 2024)
Regulated Rivers – Water Use Licence or Registration – Form 25A Subdivide or Amalgamate (with Field Inspection)	Per Lot	860.00
Regulated Rivers – Water Use Licence or Registration – Form 25A Subdivide or Amalgamate (without Field Inspection)	Per Lot	150.00
Unregulated Rivers and Streams		
1.47 Works Licence		
Construct Works Licence – Form 90 Alter Existing/Amend Existing/Issue New		1295.00
Construct Works Licence – Form 90 Transfer Ownership/Renew Existing		255.00
Construct Works Licence – Form 79 Decommission Works		185.00
1.48 Take and Use Licence		
Take and Use Licence - Form 71 Issue New		2120.00
Take and Use Licence - Form 75SW Temporary Transfer Water Entitlement Tier 1		255.00
Take and Use Licence - Form 75SW Temporary Transfer Water Entitlement Tier 2		1865.00
Take and Use Licence - Form 75SW Temporary Transfer Water Entitlement Tier 2B		565.00
Take and Use Licence - Form 74SW Permanent Transfer Water Entitlement		2120.00
Take and Use Licence - Form 93 Transfer Ownership/Transfer Extraction Share		255.00
Take and Use Licence - Form 73SW Renew Existing		795.00
Take and Use Licence - Form 77 Amalgamate Licences		1595.00
Take and Use Licence - Form 78 Subdivide a Licence		1595.00
Take and Use Licence - Form 71 Amend Existing		1060.00
Take and Use Licence – Decrease Volume/Remove land		255.00
Form 95 Private Right Determination		795.00
Form 96 Waterway Determination		930.00

Miscellaneous Tariff and Price Component	Unit	Price
		(1 July 2024)
Form 96 Waterway Determination Additional Assessment		565.00
1.49 Private Dams		
Private Dam - Construct Works Licence - Licensable Dam Form 60 Issue new/Alter Existing/Decommission Works		1760.00
Private Dam - Operate Works Licence - Licensable Dam Form 61 Issue New		1050.00
Private Dam - Operate Works Licence - Licensable Dam Form 62 Renew Existing		985.00
Private Dam - Operate Works Licence - Licensable Dam Form 62 Transfer Ownership		185.00
1.50 Information Statements and Special Meter Readings		
Copy of Record		32.00
Information Statements and Special Meter Readings - Information Statement		115.00
Information Statements and Special Meter Readings - Information Statement Express Service		180.00
Information Statements and Special Meter Readings - Special Meter Reading		115.00
Irrigation Districts		
1.51 Irrigation Districts		
Form 150 Amend District Boundary		670.00
1.52 Delivery Share		
Irrigation District – Delivery Share - Form 36 Transfer		255.00
Irrigation District – Delivery Share - Form 35 Vary Existing		255.00
Irrigation District – Delivery Share - Form 34 Issue New		255.00
Irrigation District – Delivery Share - Reservation		255.00
Irrigation District – Delivery Share - Capacity Assessment		255.00
1.53 Private Works		
Irrigation District – Private Works - Form 130 Issue New		1345.00

Miscellaneous Tariff and Price Component	Unit	Price
		(1 July 2024)
Irrigation District – Private Works - Form 130 Security deposit		25% of job (min 1,000)
Irrigation District – Private Works - Form 130 Supervision fee		5% of job (min 275)
Irrigation District – Private Works - Form 131 Transfer Ownership		185.00
Irrigation District – Private Works - Form 131 Renew Existing		535.00
Irrigation District – Private Works - Form 135 Installation of a New Service Point		670.00
1.54 Supply Agreement		
Irrigation District – Supply by Agreement - Drainage Diversion Form 143 Issue New (without field inspection)		240.00
Irrigation District – Supply by Agreement - Drainage Diversion Form 143 Issue New (with field inspection)		535.00
Irrigation District – Supply by Agreement - Form 141 Amend Existing/Issue New		565.00
Irrigation District – Supply by Agreement - Mobile Collection Form 142 Issue New		205.00
1.55 Water Use Licence or Registration		
Irrigation District – Water Use Licence or Registration - Form 23 Issue New (with Field Inspection)		860.00
Irrigation District – Water Use Licence or Registration - Form 25A Subdivide or Amalgamate (with Field Inspection)	Per Lot	860.00
Irrigation District – Water Use Licence or Registration - Form 23 Issue New (without Field Inspection)		150.00
Irrigation District – Water Use Licence or Registration - Form 24 Vary Existing		150.00
Irrigation District – Water Use Licence or Registration - Form 25A Subdivide or Amalgamate (without Field Inspection)	Per Lot	150.00
Water Supply District		
1.56 Water Supply District		
Water Supply District - Form 171 Amalgamate Properties		410.00
Water Supply District - Form 172 Issue New		1220.00

Miscellaneous Tariff and Price Component	Unit	Price
(1 July 2024)		
Water Supply District - Form 170 Subdivide a Property	Per lot	410.00
1.57 Technical Advice for High Risk or Complex Applications		
Technical Advice for High Risk or Complex Applications	Per Hr	155.00

Schedule 3 – Calculation of revenue requirements for each regulatory year

This schedule should be read in conjunction with clause 2.3, Schedule 2 and Schedule 6.

Benchmark revenue requirements for regulatory years

\$m 2023-24

	2024-25	2025-26	2026-27	2027-28
Revenue requirements	116.7	118.7	120.8	122.0

Schedule 4 – Application of certain principles to certain charges and prices

4.1 Private works

Charge or price is the customer's reasonable estimate of the job costs.

4.2 Transfer of water entitlement

Application and certificate fees are set by the Water (Permanent Transfer of Water Right) Regulation 2001.

4.3 Miscellaneous fees and charges

Goulburn-Murray Water has core and non-core miscellaneous fees and charges. Charges or prices for core miscellaneous charges are set out in Schedule 2. Charges or prices for non-core charges are calculated in accordance with the pricing principles described in clause 5.3 of Schedule 5.

Schedule 5 – Pricing principles

5.1 Pricing principles where scheduled charges or prices specified in Schedule 2 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 is unique, prices must be set as follows:

- variable prices should reflect the long run marginal cost (LRMC) of providing services;
- 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;
- 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.

5.2 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.

5.3 Guidelines

Goulburn-Murray 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 5 relates.

5.4 Pricing principles for termination fees

Goulburn-Murray Water may only apply **termination fees** in relation to the termination of a right of access to its water service infrastructure or to services provided in relation to that right or part of that right, including a water delivery right and a right to the drainage of water through that infrastructure, in the circumstances, and in the amounts, as is specified in Part 10 of the Water Charge Rules 2010 (Cth). **Termination fees** levied by *Goulburn-Murray Water* to irrigation customers who surrender delivery entitlements during the **regulatory period** must comply with these Rules.

Schedule 6 - Changes in costs associated with annual updates to the trailing average cost of debt

If in any **regulatory year** Condition A and/or Condition B apply (per Schedule 6B below), the formula set out in clause 2.3(b) is not applicable to the extent it relates to the prices listed in Schedule 6A. The prices in Schedule 6A are specified under items 1.1 to 1.57 of Schedule 2.

Instead, the prices in Schedule 6A will be adjusted in accordance with the formulas (as applicable) provided in Schedule 6B, with effect from the beginning of each subsequent **regulatory year** in the **regulatory period**.

Goulburn-Murray 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 relates.

Schedule 6A – Adjustment to prices

Tariffs	Condition A (Annual cost of debt update)
All prices and tariff components in 1.1 except for the Water Register Fee	X
All prices and tariff components in 1.2	X
All prices and tariff components in 1.3 to 1.17 except for the Drainage Diversion Site Fee	X
All prices and tariff components in 1.18 to 1.22 except for the Infrastructure Use Fee and Excess Fee	X
All prices and tariff components in 1.23 except for the Infrastructure Use Fee, Distribution Use Fee and Excess Fee	X
All prices and tariff components in 1.24 to 1.29 except for the Infrastructure Use Fee	X
All prices and tariff components in 1.30 to 1.33	X
All prices and tariff components in 1.34 to 1.35	X
All prices and tariff components in 1.36 to 1.42	X
All prices and tariff components in 1.43 except for:	X
<ul style="list-style-type: none"> Groundwater - Online – Construct a Domestic and Stock Bore 	

Schedule 6 - Changes in costs associated with annual updates to the trailing average cost of debt

- Groundwater - Online – Amend and Renew a Domestic and Stock Bore
- Groundwater - Online – Construct an Investigation or Monitoring Bore
- Groundwater - Online – Amend and Renew an Investigation or Monitoring Bore

All prices and tariff components in 1.44 to 1.57

X

Schedule 6B – 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 **Goulburn-Murray Water's** total expected return. The **RAB** is set out in Table 4 of Annexure A.

The trailing average cost of debt adjustment will be apportioned across the tariffs listed in Schedule 6A.

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:

- The historical nominal cost of debt series outlined in Table 1 of Annexure A and
- 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 2023 to 31 March 2024 in relation to 2024-25)

Schedule 6 - Changes in costs associated with annual updates to the trailing average cost of debt

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 2.9% 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)

Formula 2 outlines the process for converting the trailing average cost of debt from nominal to real using the Fisher equation.

Note 1: If inflation (measured by the Australian Bureau of Statistics Consumer Price Index – all groups) 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 4.1% for 2024-25 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 6A 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’**

Schedule 6 - Changes in costs associated with annual updates to the trailing average cost of debt

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 2024 equal to 137.4.
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’

Continued next page

Formula 4 (continued)

$q_{j,t}^{det}$ 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 6A to which the cost of debt adjustment will apply

Formula 4 outlines the process for calculating the adjustment to prices outlined in Schedule 6A 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 6A to which the cost of debt adjustment will apply.

THE COMMON SEAL of the)
ESSENTIAL SERVICES COMMISSION)
was affixed pursuant to the authority of)
the Commission on 18 June 2024)



A handwritten signature in blue ink, appearing to read 'Kate Symons', written over a dotted line.

Kate Symons
CHAIRPERSON

Annexure A

Table 1 Historical cost of debt (nominal)

Per cent

	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Cost of debt	5.36%	5.27%	4.91%	4.53%	4.61%	3.31%	3.05%	3.75%	6.76%	6.53%

Table 2 Forecast regulatory rate of return

Percent

	2024-25	2025-26	2026-27	2027-28
Regulatory rate of return (real)	2.75%	2.82%	2.89%	2.99%

Table 3 Benchmark revenue requirement

\$m 2023-24

	2024-25	2025-26	2026-27	2027-28
Operating expenditure	91.63	92.15	92.83	92.76
Return on assets	13.44	14.21	14.95	15.77
Regulatory depreciation	12.54	13.24	13.94	14.43
Adjustment from previous period	-0.85	-0.85	-0.85	-0.85
Tax allowance	-	-	-	-
Total	116.7	118.7	120.8	122.0

Table 4 Closing regulatory asset base
\$m 2023-24

	2019-20	2020-21	2021-22	2022-23
Opening RAB at 1 July	434.2	432.6	446.0	455.0
<i>Plus</i> Gross capital expenditure	13.2	28.6	23.1	24.5
<i>Less</i> Government contributions	0.3	0.0	2.8	8.7
<i>Less</i> Customer contributions	0.2	4.1	0.1	-
<i>Less</i> Proceeds from disposals	0.0	0.1	0.2	0.0
<i>Less</i> Regulatory depreciation	14.3	11.0	10.9	11.0
Closing RAB at 30 June	432.6	446.0	455.0	459.7

Table 5 Forecast regulatory asset base
\$m 2023-24

	2023-24	2024-25	2025-26	2026-27	2027-28
Opening RAB at 1 July	459.7	471.7	486.8	502.0	513.5
<i>Plus</i> Gross capital expenditure	26.2	32.4	30.0	27.1	25.1
<i>Less</i> Government contributions	2.9	4.6	1.5	1.5	1.5
<i>Less</i> Customer contributions	0.0	-	-	-	-
<i>Less</i> Proceeds from disposals	0.1	0.1	0.1	0.1	0.1
<i>Less</i> Regulatory depreciation	11.2	12.5	13.2	13.9	14.4
Closing RAB at 30 June	471.7	486.8	502.0	513.5	522.6

Table 6 Approved licence fee and environmental contribution assumptions
\$m 2023-24

	2024-25	2025-26	2026-27	2027-28
Essential Services Commission licence fee	0.09	0.11	0.13	0.15
Department of Health licence fee	-	-	-	-
Environment Protection Authority licence fee	-	-	-	-
Environmental contribution	1.75	1.70	1.65	1.60

Table 7 Major capital projects

	Expected start date	Expected completion date
Lake Buffalo - Refurbish irrigation outlet valve and Replace Trash Screens	2024-25	2025-26
Laanecoorie - Stabilise Spillway Walls and Construct Adjacent Filters	2024-25	2027-28
Goulburn Weir - Spillway Gates - Upgrade and replacement of protective coating	2024-25	2027-28
Tullaroop Reservoir - Upgrade Works - Secondary embankment filters	2024-25	2028-29

Table 8 Murray-Darling Basin Authority Contribution
\$m 2023-24

	2024-25	2025-26	2026-27	2027-28
Murray Darling Basin Contribution	14.00	14.00	14.00	14.00