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## **2016 WATER PRICE REVIEW**

**GOULBURN-MURRAY WATER DETERMINATION**

**1 JULY 2016 – 30 JUNE 2020**

**JUNE 2016**

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## 1. General

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### 1.1 Introduction

- (a) Rule 29 of the *WCIR* requires the Commission to approve or determine the regulated charges which *Part 6 operator* may charge as set out in the *Part 6 operator's* application under rule 25 of the *WCIR*.
- (b) Clauses 10 and 14 of the *WIRO* require the Commission to either:
  - (i) approve the maximum prices the *regulated entity* may charge for *groundwater services, diversion services* and *miscellaneous 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*; or
  - (ii) specify the maximum prices the *regulated entity* may charge for *groundwater services, diversion services* and *miscellaneous services*, or the manner in which the *regulated entity's* prices are to be calculated, determined or otherwise regulated
- (c) On 8 June 2016, the Commission made its decision under the *WCIR* and the *WIRO* in respect of:
  - (i) the regulated charges and prices which Goulburn-Murray Rural Water Corporation (trading as Goulburn-Murray Water) (ABN 46 761 336 846) (*Goulburn-Murray Water*) may levy or charge during the *regulatory period*; and
  - (ii) the standards and conditions of service and supply which *Goulburn-Murray Water* has included in its *Price Submission*.

- (d) This Determination is made by the Commission under section 33 of the *ESC Act*, pursuant to rule 29 of the *WCIR* and clause 10 of the *WIRO*.
- (e) The purpose and reasons for the making of this Determination are to:
  - (i) give effect to the decision of the Commission referred to in clauses 1.1(a), and 1.1(b)(i);
  - (ii) determine the maximum prices that a 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, during the regulatory period;
  - (iii) facilitate the achievement of the Commission's objectives in, or applying under, the *ESC Act*, the *WCIR*, the accreditation arrangements determined by the ACCC pursuant to rule 59 of the *WCIR* and the *WI Act*, and
  - (iv) reflect the requirements in the *WCIR*, the *ACCC pricing principles* and the *WIRO*.

## 1.2 Application

This Determination applies to *Goulburn-Murray Water* and its successors 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 and 1 July 2016 and, subject to clause 1.3(b), has effect until the earlier of the date on which it is amended or revoked by a later determination or 30 June 2020.

### (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 2020, 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* between 1 July 2020 and 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 prices which will apply to *prescribed services* during the *regulatory period* and sets out the procedure and formulae according to which maximum prices may be adjusted during the *regulatory period* on an annual basis. Clause 3 sets out the procedure according to which the Commission will determine the revenue requirements included in Schedule 3 in respect of the second *regulatory year* in the *regulatory period* and each subsequent *regulatory year* in the *regulatory period*. Clauses 4 and 5 provide for the circumstances in which maximum 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; 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:
  - (i) 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 or otherwise determined; and
  - (ii) the standards and conditions of services and supply additional to those specified in the *Code* which will be provided by *Goulburn-Murray Water* pursuant to the decision referred to in clause 1.1(b)(ii).

- (b) For the avoidance of doubt, annexure A does not form part of this Determination.

## 2. Price control

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### 2.1 General principles

Subject to this Determination:

(a) **Scheduled prices**

*Goulburn-Murray Water* must not charge more than:

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

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

(b) **Application principles**

The application principles in Schedule 4 will apply to the prices charged by *Goulburn-Murray Water* in respect of *prescribed services* 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 prices to apply to the *prescribed services* to which the pricing principles in Schedule 5 relate.

### 2.2 Ancillary matters

(a) **New prices**

If a *new price* is introduced under clause 2.3:

- (i) that *new price* is deemed to be included in Schedule 2 with effect from the start of the subsequent *regulatory year*, and
- (ii) any new application principle specified in respect of that *new price* is deemed to be included in Schedule 2 with effect from the start of the subsequent *regulatory year*.



**(b) Contracts**

Where *Goulburn-Murray Water* has entered into a contract (a *relevant contract*) which relates to the provision of *prescribed services* prior to 1 July 2016, *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 prices set out in the contract. Once a *relevant contract* has expired or been terminated or the prices in the *relevant contract* have been subject to a periodic review, the scheduled prices in Schedule 2 (as adjusted in accordance with this Determination) or the prices determined in accordance with the pricing principles in Schedule 5 will apply for the remainder of the *regulatory period*.

**(c) Dispute Resolution**

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

**(d) Publication**

*Goulburn-Murray Water* must publish a schedule of its current prices and pricing principles for *prescribed services*, and all relevant supporting information that is relied upon to apply the prices or pricing principles, on its website at all times during the *regulatory period* and must provide a written copy of the schedule to its customers on request. The schedule must clearly indicate in respect of each price, the amount determined in accordance with this Determination, the amount of GST payable and the total price (in a manner consistent with the requirements of the *Competition and Consumer Act 2010* (Cth)).

**(e) GST**

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

## 2.3 Annual adjustment of prices

### (a) Adjustment

Subject to Schedule 2 and clause 2.3(b)(iii), the scheduled 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 scheduled prices in Schedule 2 relate in that **regulatory year**.

### (b) Formulae

- (i) Subject to Schedule 2, each price for the **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**:

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

$$cap_t = \left[ rev_t + (cap_{t-1} - \sum_{i=1}^n \sum_{j=1}^m p_{t-1}^{ij} q_{t-1}^{ij}) * cpi_t * (1 + wacc) \right] + MDBA$$

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

$p_{t-1}^{ij}$  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

$cpi_t$  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

$wacc$  is 4.2%, being the weighted average cost of capital

$MDBA$  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 Murray-Darling Basin Authority as calculated by the Commission

- (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 2020, the regulatory requirement for **regulatory year** t " $rev_t$ " will be set equal to

"( $rev_{t-1} * cpi_t$ )" 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 2020 until the date on which this determination is amended or revoked by a later determination.

- (iii) An increase in any scheduled price in Schedule 3 in any **regulatory year** must not exceed the average of all scheduled price increases in that **regulatory year** by more than 10%.

**(c) Adjustment procedure**

- (i) At least 40 **business days** prior to the commencement of each subsequent **regulatory year** in the **regulatory period, Goulburn-Murray Water** must submit its proposed prices for the **prescribed services** referred to in clause 2.3(a) to apply in the subsequent **regulatory year** (the **revised 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:
  - (A) the forecast quantities for **regulatory year t** " $q_t^j$ " (referred to in the relevant formula in clause 2.3(b)(i));
  - (B) the estimate of actual quantities for **regulatory year t-1** " $q_{t-1}^j$ " (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 **new price** which **Goulburn-Murray Water** proposes to introduce in **regulatory year t**; and
  - (E) a statement setting out evidence demonstrating the extent to which **Goulburn-Murray Water** has provided, in respect of material price increases, information to its customers and any relevant consultative committee established under the

*Water Act 1989* (Vic) (the **Water Act**) explaining the calculation of the revised prices and has consulted effectively with its customers and any relevant consultative committee on the revised prices;

- (F) a statement setting out the anticipated customer impacts resulting from the revised prices and actions, if any, proposed by **Goulburn-Murray Water** to address these customer impacts;
  - (G) a statement setting out evidence demonstrating the extent to which **Goulburn-Murray Water** has, over the course of the past *regulatory year*, provided information to its customers explaining its long-term pricing strategy for *prescribed services* and consulted effectively with its customers on developing that pricing strategy to provide reasonable price stability (that is, minimising price shocks) to its customers;
  - (H) 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
  - (I) any other information required by the Commission.
- (ii) The Commission will approve the *revised prices* if it considers that:
- (A) the items referred to in clause 2.3(c)(i)(A), (B) and (H) are reasonable and in the case of (H) are material;
  - (B) 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);
  - (C) **Goulburn-Murray Water** has adequately consulted (in the circumstances) with its customers and any relevant consultative committee established under the **Water Act** on the revised prices;

- (D) **Goulburn-Murray Water** has adequately addressed (in the circumstances) customer impacts resulting from the revised prices; and
  - (E) **Goulburn-Murray Water** has adequately consulted (in the circumstances) with its customers on its long-term pricing strategy and that strategy provides reasonable price stability (that is, minimising price shocks) to its customers.
- (iii) The Commission will be deemed to have approved the **revised 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 prices**.
- (iv) If the Commission does not approve the **revised 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 prices**.
- (v) For the avoidance of doubt, any **new price** approved by the Commission under clause 2.3(c)(ii) or deemed to have been approved by the Commission under clause 2.3(c)(iii) will be a **revised price** for the purpose of clause 2.3(c).

## 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 price for a **prescribed service** comes into effect in accordance with this Determination.

(b) **Method of charging**

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

## 2.5 Reporting requirements

- (a) **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** which relates to the provision of a **prescribed service** to which the pricing principles in Schedule 5 relate, **Goulburn-Murray Water** must, within 30 **business days** of the date of the **new contract**, on request provide the Commission with a notice specifying:
- (i) details of the **new contract**, and
  - (ii) information which demonstrates the way in which the prices in the **new contract** reflect the relevant pricing principles.
- (c) Without limiting clause 2.5(a), if **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. Unforeseen events

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#### 3.1 Procedure

- (i) An ***unforeseen events application*** must satisfy requirements of rule 40 of the ***WCIR***.
- (ii) The Commission may request ***Goulburn-Murray Water*** to provide any additional information specified by the Commission in connection with an ***unforeseen events application***.

### 4. Other adjustments during regulatory period

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Where the Commission is satisfied that:

- (a) there is a manifest and material error in this Determination;
- (b) any information on which this Determination was based was false or misleading in a material respect; or
- (c) 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 specify a price adjustment, provided that it is satisfied that such amendment and/or price adjustment takes into account the interests of customers.



# Schedule 1

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## Definitions and Interpretation

### A. Definitions

**ACCC pricing principles** means the pricing principles for price approvals and determinations under the **WCIR** published by the Australian Competition and Consumer Commission pursuant to rule 63 of the **WCIR**.

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

**Code** means the applicable *Customer Service Code* made under the **WI Act**.

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

**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 services to which regulated charges apply or with **groundwater services**, charges for or prices of which are either included in Schedule 2 or determined in accordance with the relevant pricing principles in Schedule 5.

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

**new price** means a new charge or price in respect of a service to which the scheduled prices in Schedule 2 relate.

**next regulatory period** means the period commencing on 1 July 2020 and ending on a date specified by the Commission.

**Part 6 operator** has the meaning given in the **WCIR**.

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

**price submission** has the meaning given in the **WIRO**.

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

**regulatory period** means the period commencing on 1 July 2016 and ending on 30 June 2020.

**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**

**relevant tax** means any tax imposed by or payable directly or indirectly to any government or public authority in the Commonwealth of Australia (including **GST**) but excluding:

- (a) the licence fees referred to in clause 4.2 of this Determination;
- (b) penalties and interest for late payment of any tax; or
- (c) any tax that replaces any of the taxes referred to in (a) and (b), where tax includes any rate, duty, charge or other like or analogous impost.

**WCIR** means the Water Charge (Infrastructure) Rules 2010 (Cth) as at the date of this Determination.

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

**WIRO** means the Water Industry Regulatory Order 2014 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 ' $\Sigma$ ' requires a summation to be performed over the range of variables specified in respect of the algebraic terms specified.
- (j) All data which is utilised in calculations made under this Determination will be utilised to the accuracy, in terms of the number of decimal places, to which it is given.
- (k) A fixed price, charge or fee determined in accordance with this Determination is to be rounded down and specified to two decimal places.
- (l) A volumetric price, charge or fee determined in accordance with this Determination is to be rounded down and specified to four decimal places.
- (m) When a calculation is required under this document:
  - (i) **regulatory year** 't' is the **regulatory year** in respect of which the calculation is being made;
  - (ii) **regulatory year** 't-1' is the **regulatory year** immediately preceding **regulatory year** 't'.

## Schedule 2

### Prices

This schedule should be read in conjunction with Schedules 3-5.

<i>Tariff and Price Component</i>	<i>Unit</i>	<i>Price</i>
		<i>(1 July 2016)</i>
<b>Shepparton</b>		
<b>1.1 Shepparton Gravity Irrigation</b>		
Service Fee	Property	110.00
Service Point Fee - Local Read	Irrigation Service Point	320.00
Service Point Fee - Remote Read	Irrigation Service Point	475.00
Service Point Fee - Remote Operate	Irrigation Service Point	575.00
Service Point Fee - D&S	D&S Service Point	90.00
Distribution		
Infrastructure Access Fee	ML/Day	4,388.48
Infrastructure Use Fee	ML	8.20
Casual Infrastructure Use Fee	ML	74.03
Distribution Access Fee	ML/day	4,388.48
Distribution Use Fee	ML	8.20
Termination Fee *	ML/day	43,884.80
Overuse Fee	ML	2,000.00
<b>1.2 Shepparton Community Surface Drainage</b>		
Community Surface Drainage Fee	KM	667.78
<b>1.3 Shepparton Primary Surface Drainage</b>		
Service Fee	Property	110.00
Area Fee	ha	13.07
Water Use Fee	ML	5.44
Drainage Diversion Site Fee	Site	208.39
Drainage Diversion Agreement Fee	ML/ENT	2.08
<b>1.4 Shepparton Sub Surface Drainage</b>		
Subsurface Drainage Fee	ML/ENT	1.65
<b>Tungamah</b>		
<b>1.5 Tungamah - Pipeline System</b>		
Service Fee	Property	110.00
Additional Service Point Fee	Service Point	90.00
Water Allowance Storage Fee	ML/Allowance	8.26

Infrastructure Access Fee	KL/day	152.18
Infrastructure Use Fee	ML	43.21
Overuse Fee	ML	2,000.00

### Central Goulburn

#### 1.6 Central Goulburn Gravity Irrigation

Service Fee	Property	110.00
Service Point Fee - Local Read	Irrigation Service Point	320.00
Service Point Fee - Remote Read	Irrigation Service Point	475.00
Service Point Fee - Remote Operate	Irrigation Service Point	575.00
Service Point Fee - D&S	D&S Service Point	90.00
Distribution		
Infrastructure Access Fee	ML/Day	2,896.00
Infrastructure Use Fee	ML	5.93
Casual Infrastructure Use Fee	ML	49.37
Distribution Access Fee	ML/day	2,896.00
Distribution Use Fee	ML	5.93
Termination Fee *	ML/day	28,960.00
Overuse Fee	ML	2,000.00

#### 1.7 Central Goulburn Community Surface Drainage

Community Surface Drainage Fee	KM	667.78
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#### 1.8 Central Goulburn Primary Surface Drainage

Service Fee	Property	110.00
Area Fee	ha	6.83
Water Use Fee	ML	2.93
Drainage Diversion Site Fee	Site	208.39
Drainage Diversion Agreement Fee	ML/ENT	2.08

#### 1.9 Central Goulburn Sub Surface Drainage

Service Fee	ML	1.91
Local Benefit Area Fee	ha	2.86
Local Benefit Water Use Fee	ML	1.52
Municipal Local Benefit Area Fee	ha	15.26

### Rochester-Campaspe

#### 1.10 Rochester Gravity Irrigation

Service Fee	Property	110.00
Service Point Fee - Local Read	Irrigation Service Point	320.00
Service Point Fee - Remote Read	Irrigation Service Point	475.00
Service Point Fee - Remote Operate	Irrigation Service Point	575.00
Service Point Fee - D&S	D&S Service Point	90.00
Distribution		
Infrastructure Access Fee	ML/Day	2,896.00
Infrastructure Use Fee	ML	5.93

Casual Infrastructure Use Fee	ML	49.37
Distribution Access Fee	ML/day	2,896.00
Distribution Use Fee	ML	5.93
Termination Fee *	ML/day	28,960.00
Overuse Fee	ML	2,000.00

#### 1.11 Rochester-Campaspe Community Surface Drainage

Community Surface Drainage Fee	KM	667.78
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#### 1.12 Rochester-Campaspe Primary Surface Drainage

Service Fee	Property	110.00
Area Fee	ha	8.86
Water Use Fee	ML	2.93
Drainage Diversion Site Fee	Site	208.39
Drainage Diversion Agreement Fee	ML/ENT	2.08

#### 1.13 Rochester Sub Surface Drainage

Service Fee	ML	0.82
Local Benefit Area Fee	ha	17.45
Local Benefit Water Use Fee	ML	9.59
Municipal Local Benefit Area Fee	ha	68.43

#### 1.14 Campaspe Gravity Irrigation

Service Fee	Property	110.00
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### Loddon Valley

#### 1.15 Loddon Valley Gravity Irrigation

Service Fee	Property	110.00
Service Point Fee - Local Read	Irrigation Service Point	320.00
Service Point Fee - Remote Read	Irrigation Service Point	475.00
Service Point Fee - Remote Operate	Irrigation Service Point	575.00
Service Point Fee - D&S	Service Point	90.00
Distribution		
Infrastructure Access Fee	ML/Day	2,896.00
Infrastructure Use Fee	ML	5.93
Casual Infrastructure Use Fee	ML	49.37
Distribution Access Fee	ML/day	2,896.00
Distribution Use Fee	ML	5.93
Termination Fee *	ML/day	28,960.00
Overuse Fee	ML	2,000.00

#### 1.16 Loddon Valley Community Surface Drainage

Community Surface Drainage Fee	KM	667.78
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### 1.17 Loddon Valley Primary Surface Drainage

Service Fee	Property	110.00
Area Fee	ha	4.19
Water Use Fee	ML	3.02
Drainage Diversion Site Fee	Site	52.09

### Loddon Waterworks

#### 1.18 Normanville Domestic & Stock

Service Fee	Property	110.00
Additional Service Point Fee	Service Point	90.00
Water Allowance Storage Fee	ML/Allowance	8.26
Infrastructure Access Fee	kL/Day	168.56
Infrastructure Use Fee	ML	114.14
Overuse Fee	ML	2,000.00

#### 1.19 East Loddon (North) Domestic & Stock

Service Fee	Property	110.00
Water Allowance Storage Fee	ML/Allowance	8.26
Infrastructure Access Fee	ha	2.85
Distribution Access Fee	ML/day	2,896.00
Distribution Use Fee	ML	5.93
Overuse Fee	ML	2,000.00

#### 1.20 East Loddon (South) Domestic & Stock

Service Fee	Property	110.00
Additional Service Point Fee	Service Point	90.00
Water Allowance Storage Fee	ML/Allowance	8.26
Infrastructure Access Fee	kL/Day	108.81
Infrastructure Use Fee	ML	63.15
Overuse Fee	ML	2,000.00

#### 1.21 West Loddon Domestic & Stock

Service Fee	Property	110.00
Water Allowance Storage Fee	ML/Allowance	8.26
Infrastructure Access Fee	ha	3.11
Overuse Fee	ML	2,000.00

### Murray Valley

#### 1.22 Murray Valley Gravity Irrigation

Service Fee	Property	110.00
Service Point Fee - Local Read	Irrigation Service Point	320.00
Service Point Fee - Remote Read	Irrigation Service Point	475.00
Service Point Fee - Remote Operate	Irrigation Service Point	575.00
Service Point Fee - D&S	D&S Service Point	90.00

Distribution		
Infrastructure Access Fee	ML/Day	2,896.00
Infrastructure Use Fee	ML	5.93
Casual Infrastructure Use Fee	ML	49.37
Distribution Access Fee	ML/day	2,896.00
Distribution Use Fee	ML	5.93
Termination Fee *	ML/day	28,960.00
Overuse Fee	ML	2,000.00

### 1.23 Murray Valley Community Surface Drainage

Community Surface Drainage Fee	KM	667.78
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### 1.24 Murray Valley Primary Surface Drainage

Service Fee	Property	110.00
Area Fee	ha	9.70
Water Use Fee	ML	3.24
Drainage Diversion Site Fee	Site	208.39
Drainage Diversion Agreement Fee	ML/ENT	2.08

### 1.25 Murray Valley Sub Surface Drainage

Service Fee	ML	1.37
Local Benefit Area Fee	ha	4.86
Local Benefit Water Use Fee	ML	3.62
Municipal Local Benefit Area Fee	ha	20.50

## Torrumbarry-Gravity

### 1.26 Torrumbarry Gravity Irrigation

Service Fee	Property	110.00
Service Point Fee - Local Read	Irrigation Service Point	320.00
Service Point Fee - Remote Read	Irrigation Service Point	475.00
Service Point Fee - Remote Operate	Irrigation Service Point	575.00
Service Point Fee - D&S	D&S Service Point	90.00

#### Delivery

Infrastructure Access Fee	ML/Day	2,896.00
Infrastructure Use Fee	ML	5.93
Casual Infrastructure Use Fee	ML	49.37
Distribution Access Fee	ML/day	2,896.00
Distribution Use Fee	ML	5.93
Termination Fee *	ML/day	28,960.00
Overuse Fee	ML	2,000.00

### 1.27 Torrumbarry Community Surface Drainage

Community Surface Drainage Fee	KM	667.78
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### 1.28 Torrumbarry Primary Surface Drainage

Service Fee	Property	110.00
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Area Fee	ha	4.19
Water Use Fee	ML	2.61
Drainage Diversion Site Fee	Site	52.09

### 1.29 Tyntynder Primary Surface Drainage

Service Fee	Property	110.00
Area Fee	ha	8.62
Water Use Fee	ML	4.18
Drainage Diversion Site Fee	Site	52.09

### Torrumbarry-Pumped

#### 1.30 Woorinen Pumped Irrigation

Service Fee	Property	110.00
Additional Service Point Fee	Service Point	90.00
Distribution		
Infrastructure Access Fee	ML/Day	5,394.63
Infrastructure Use Fee	ML	18.13
Casual Infrastructure Use Fee	ML	99.06
Termination Fee *	ML/day	53,946.30
Overuse Fee	ML	2,000.00

#### 1.31 Woorinen Sub Surface Drainage

Service Fee	Property	110.00
Area Fee	ha	1.74
Water Use Fee	ML	0.71

#### 1.32 Nyah Pumped Irrigation

Service Fee	Property	110.00
Additional Service Point Fee	Service Point	90.00
Distribution		
Infrastructure Access Fee	ML/Day	4,358.56
Infrastructure Use Fee	ML	19.79
Casual Infrastructure Use Fee	ML	80.79
Termination Fee *	ML/day	43,585.60
Overuse of Annual Entitlement Fee	ML	2,000.00

#### 1.33 Nyah Sub Surface Drainage

Service Fee	Property	110.00
Water Use Fee	ML	3.81

#### 1.34 Tresco Pumped Irrigation

Service Fee	Property	110.00
Additional Service Point Fee	Service Point	90.00
Distribution		
Infrastructure Access Fee	ML/Day	5,116.78
Infrastructure Use Fee	ML	10.25

Casual Infrastructure Use Fee	ML	85.71
Termination Fee *	ML/day	51,167.80
Overuse Fee	ML	2,000.00

### 1.35 Tresco Sub Surface Drainage

Subsurface Drainage Fee	ML	1.52
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## Surface Diversions

### Regulated Waterways

Service Fee	Licence	110.00
Service Point Fee - Small	Service Point	100.00
Service Point Fee - Large	Service Point	320.00
Access Fee - ML/Day	ML/Day	138.37
Access Fee - Service Point	Service Point	95.00
Overuse Fee	ML	2,000.00

### Unregulated Waterways

Service Fee	Licence	110.00
Service Point Fee - Small	Service Point	100.00
Service Point Fee - Large	Service Point	320.00
Access Fee - ML	ML	5.83
Access Fee - Service Point	Service Point	85.00
Resource Management Fee	ML	3.12
Overuse Fee	ML	2,000.00

## Groundwater Diversions

### Other Groundwater Supply Areas

Service Fee	Licence	110.00
Service Point Fee - Small	Service Point	100.00
Service Point Fee - Large	Service Point	320.00
Access Fee	Service Point	90.00
Resource Management Fee	ML	4.59
Overuse Fee	ML	2,000.00

### Other Intensive Management Groundwater Supply Areas

Service Fee	Licence	110.00
Service Point Fee - Small	Service Point	100.00
Service Point Fee - Large	Service Point	320.00
Access Fee - ML	ML	1.55
Access Fee - Service point	Service Point	90.00
Resource Management Fee	ML	4.59
Overuse Fee	ML	2,000.00

### Shepparton IRSWPA

Service Fee	Licence	110.00
Access Fee	Service Point	90.00
Resource Management Fee	ML	1.97

Overuse Fee	ML	2,000.00
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## Storage

### 1.36 Entitlement Storage Fee - Water Entitlement Non Water User

Broken Basin - HRWS (non water user)	ML	42.82
Goulburn Basin - HRWS(non water user)	ML	8.25
Goulburn Basin - LRWS (non water user)	ML	4.23
Campaspe Basin - HRWS (non water user)	ML	25.18
Campaspe Basin - LRWS (non water user)	ML	15.54
Loddon Basin - HRWS (non water user)	ML	42.74
Bullarook Basin - HRWS (non water user)	ML	367.32
Bullarook Basin - LRWS (non water user)	ML	222.58
Murray Basin - HRWS (non water user)	ML	10.22
Murray Basin - LRWS (non water user)	ML	4.64
Ovens Basin - HRWS (non water user)	ML	53.99

### 1.37 Service Fee - Non Water User

Broken Basin - Service Fee (non water user)	Water Share	110.00
Goulburn Basin - Service Fee (non water user)	Water Share	110.00
Campaspe Basin - Service Fee (non water user)	Water Share	110.00
Loddon Basin - Service Fee (non water user)	Water Share	110.00
Bullarook Basin - Service Fee (non water user)	Water Share	110.00
Murray Basin - Service Fee (non water user)	Water Share	110.00
Ovens Basin - Service Fee (non water user)	Water Share	110.00

### 1.38 Entitlement Storage Fee - Water Entitlement Water User

Broken Basin - HRWS (water user)	ML	10.70
Broken Basin - LRWS (water user)	ML	5.24
Goulburn Basin - HRWS (water user)	ML	10.70
Goulburn Basin - LRWS (water user)	ML	5.24
Campaspe Basin - HRWS (water user)	ML	10.70
Campaspe Basin - LRWS (water user)	ML	5.24
Loddon Basin - HRWS (water user)	ML	10.70
Loddon Basin - LRWS (water user)	ML	5.24
Bullarook Basin - HRWS (water user)	ML	10.70
Bullarook Basin - LRWS (water user)	ML	5.24
Murray Basin - HRWS (water user)	ML	13.21
Murray Basin - LRWS (water user)	ML	5.02
Ovens Basin - HRWS (water user)	ML	13.21
Ovens Basin - LRWS (water user)	ML	5.02

### 1.39 Entitlement Storage Fee - Above Entitlement Storage

Goulburn Basin	ML	4.23
Campaspe Basin	ML	15.54
Murray Basin	ML	4.64

## Bulk Water

### 1.40 Murray - Entitlement

Murray Basin HR	ML/ENT	10.22
Murray Basin LR	ML/ENT	4.64
Murray System - WR Equivalent	ML/ENT	11.99

### 1.41 Ovens Basin - Entitlement

Ovens Basin HR	ML/ENT	53.99
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### 1.42 Goulburn Supplemented Basin - Entitlement

Goulburn System - WR Equivalent	ML/ENT	10.54
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### 1.43 Broken Basin - Entitlement

Broken Basin HR	ML/ENT	42.82
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### 1.44 Goulburn Basin - Entitlement

Goulburn Basin VHR	ML/ENT	8.69
Goulburn Basin HR	ML/ENT	8.25
Goulburn Basin LR	ML/ENT	4.23

### 1.45 Campaspe Basin - Entitlement

G-MW Capacity Share		
Campaspe Basin HR	ML/ENT	25.18
Campaspe Basin LR	ML/ENT	15.54

Coliban Capacity Share  
Source

ML/ENT	31.60
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### 1.46 Loddon Basin - Entitlement

Loddon Basin HR	ML/ENT	42.74
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### 1.47 Bullarook - Entitlement

Bullarook Basin HR	ML/ENT	367.32
Bullarook Basin LR	ML/ENT	222.58

\* Indicative; Termination Fee will be calculated using the actual fixed fees payable in the year of termination.

Miscellaneous Tariff and Price Component	Price (1 July 2016)
<b>1.48 Water District</b>	
Reclassification Fee	152.00
Subdivision Fee	197.00
<b>1.49 Diversion Works on Crown Land</b>	
Issue Fee	82.00
<b>1.50 Small Pipe Outlet</b>	
Issue Fee	139.00
<b>1.51 Supply Agreement</b>	
Drainage Supply by Agreement	238.00
High Flow Annual Fee (Drainage only)	71.00
New & amendment to supply by agreement	618.00
<b>1.52 Amend District Boundaries</b>	
Extensions or Diminishment of G-MW Districts	557.00
<b>1.53 Special Meter Reading and Bore Monitoring Fee</b>	
Meter Reading & Bore Monitoring Fee	61.00
<b>1.54 Delivery Share / Reservation Fee</b>	
Application Fee	192.00
<b>1.55 Information Statement</b>	
Application for Information Statement under Section 158 of the Act.	
Land Information Statement	117.00
<b>1.56 Water Information Statement</b>	
One Water Share Identification Number (WEE no.)	34.00
Each additional Water Share Identification Number	11.00
Rates and Charges Update - One per statement	34.00
Express Service	51.00
<b>1.57 Title, Licence &amp; Cop of Record Search</b>	
Water Register Information - Copy of Record	25.00
Title and Company Search	30.00
Reprint of unsigned Take & Use and Works licence	76.00

**1.58 Waterway Determination**

Waterway determination inspection and report / inspection	805.00
Each additional assessment required / inspection	375.00

**1.59 Irrigation Development Guidelines**

IDG Technical Assessment	1,089.00
IDG Final Assessment & Further information fee	110.00/hr
IDG Licence Feasibility Assessment	110.00/hr

**1.60 Groundwater & Unregulated Surface Water Take & Use Licence Fees**

Application for a Groundwater or Surface Water Licence	1,520.00
Review of additional information required for high risk applications	App Fee + 110.00/hr
Application for Temporary Transfer of licence volume	
Tier 1 - Temporary trade	203.00
Tier 2 - Temporary trade technical assessment required	542.00
Review of additional information required	App Fee + 110.00/hr
Permanent Transfer of licence Entitlement	1,074.00
Review of additional information required	App Fee + 110.00/hr
Transfer of Ownership (land transfer)	203.00
Amend, amalgamate, sub-divide licence	861.00
Renew Groundwater/Surface water licence	699.00
Decrease Licence Volume	267.00
Registration and transfer of a Domestic & Stock Bore	61.00
Capital Charge for New Groundwater Entitlement (per licence megalitre)	160.00
Private right determination	816.00

**1.61 Land Transactions**

Change of Ownership	72.00
Application to Issue, Transfer or Vary a Delivery Share	182.00
Application for delivery capacity assessment	93.00
Application to Cease to be a serviced property	182.00
Application to issue or vary a Water-Use Licence (with Inspection)	431.00
Application to issue or vary a Water-Use licence (without field inspection)	203.00

Application to cancel a Water Use Entity		No Charge
Application to Issue/amend/renew a Works Licence		735.00
Application to Transfer a Works Licence		203.00

**1.62 CMA Salinity Mitigation Charges**

Operations and Maintenance Charge		4.00
Capital Charge		35.00

**Loch Garry**

**1.63 Loch Garry Flood Protection**

Service Fee	Property	110.00
Flood Protection Fee	ha	1.39

### Schedule 3

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#### Calculation of revenue requirements for each regulatory year

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

#### Revenue requirements for regulatory years

\$2016-17

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<i>Regulatory year</i>	<i>Calculation of revenue requirements</i>
Where t = 2016-17,	$rev_t = \$117.440 \text{ million}$
Where t = 2017-18,	$rev_t = \$118.898 \text{ million} * cpir_t$
Where t = 2018-19,	$rev_t = \$121.014 \text{ million} * cpir_t$
Where t = 2019-20	$rev_t = \$121.168 \text{ million} * cpir_t$

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where

$cpir_t$  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 2016



## Schedule 4

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### Application of prices

#### 4.1 Private works

Job is defined as 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. Core miscellaneous charges are set out in Schedule 2. Non core charges are calculated in accordance with the pricing principles described in Schedule 5 clause 5.3.

## Schedule 5

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### Pricing principles

#### 5.1 Recycled water pricing principles

Recycled water prices should be set so as to:

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

Where *Goulburn-Murray Water* does not propose to fully recover the costs associated with recycled water, it must demonstrate to the Commission that:

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

#### 5.2 Pricing principles where scheduled prices do not apply

Where the prices set out in Schedule 2 do not apply because the nature of the service provided to a particular customer 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.

### **5.3 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.

### **5.4 Guidelines**

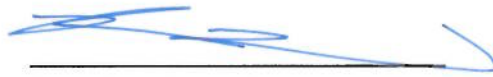
*Goulburn-Murray Water* must comply with any guidelines issued by the Commission from time to time which relate to the setting of prices for **prescribed services** to which Schedule 5 relates.

### **5.5 Pricing principles for termination fees**

*Goulburn-Murray Water* may apply termination fees to irrigation customers who surrender delivery entitlements during the **regulatory period**.

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

Date: 15 June 2016



**Dr Ron Ben-David**  
**Chairperson**



## Annexure A

Table 1 **Weighted average cost of capital**  
(per cent)

<i>Post tax WACC</i>	<i>Implied pre-tax WACC</i>
4.2%	4.2%

Table 2 **Benchmark revenue requirement**  
\$m 2015-16

	<i>2016-17</i>	<i>2017-18</i>	<i>2018-19</i>	<i>2019-20</i>
Operating expenditure	96.3	94.9	94.6	93.0
Return on assets	12.4	13.6	14.5	15.1
Regulatory depreciation	7.2	8.9	10.4	11.5
<b>Total</b>	<b>115.9</b>	<b>117.4</b>	<b>119.4</b>	<b>119.6</b>

Table 3 **Updated regulatory asset base**  
\$m 2015-16

	<i>2012-13</i>	<i>2013-14</i>	<i>2014-15</i>
Opening RAB		221.6	251.0
<i>Plus</i> Gross capital expenditure		38.0	22.5
<i>Less</i> Government contributions			
<i>Less</i> Customer contributions			
<i>Less</i> Proceeds from disposals			
<i>Less</i> Regulatory depreciation		8.6	10.8
<b>Closing RAB</b>	<b>221.6</b>	<b>251.0</b>	<b>262.8</b>

Table 4 **Rolled forward regulatory asset base**  
\$m 2015-16

	<i>2015-16</i>	<i>2016-17</i>	<i>2017-18</i>	<i>2018-19</i>	<i>2019-20</i>
Opening RAB	<b>262.8</b>	<b>278.68</b>	<b>312.87</b>	<b>334.28</b>	<b>353.94</b>
<i>Plus</i> Gross capital expenditure	29.3	44.99	32.64	32.30	26.13
<i>Less</i> Government contributions	0.4	0.62	0.46	0.22	0.22
<i>Less</i> Customer contributions	0.4	0.62	0.46	0.22	0.22
<i>Less</i> Proceeds from disposals					
<i>Less</i> Regulatory depreciation	12.6	7.17	8.86	10.43	11.49
<b><i>Less</i> fully funded Government programs/projects</b>		2.39	1.45	1.77	1.25
<b>Closing RAB</b>	<b>278.68</b>	<b>312.87</b>	<b>334.28</b>	<b>353.94</b>	<b>366.88</b>

Table 5 **Approved licence fee and environmental contribution assumptions**  
\$m 2015-16

	<i>2016-17</i>	<i>2017-18</i>	<i>2018-19</i>	<i>2019-20</i>
Essential Services Commission licence fee	0.11	0.08	0.08	0.08
Environmental contribution	1.66	1.63	2.64	2.58