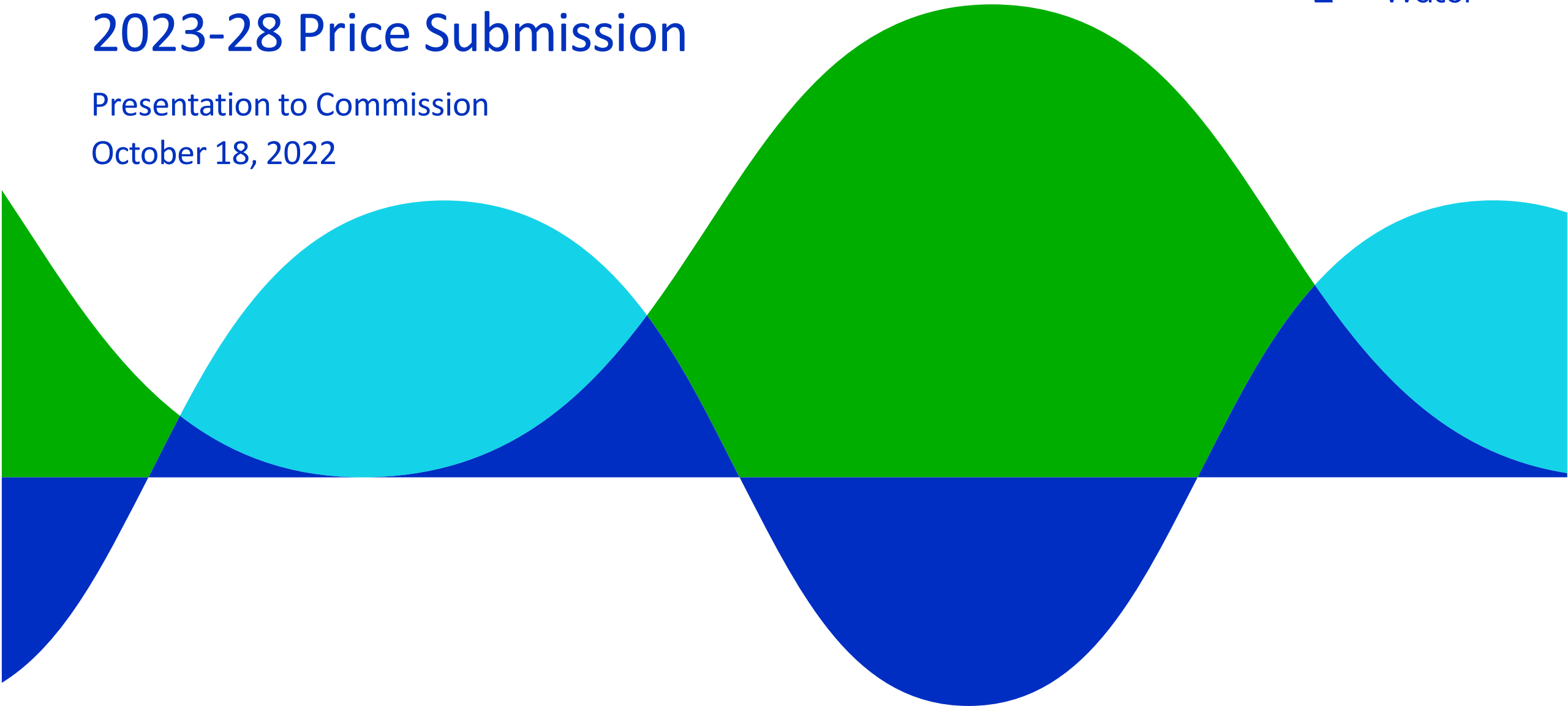


# 2023-28 Price Submission

Presentation to Commission  
October 18, 2022





## Acknowledgement of Country

Yarra Valley Water proudly acknowledges the Traditional Custodians and Owners of the land and water on which we rely and operate.

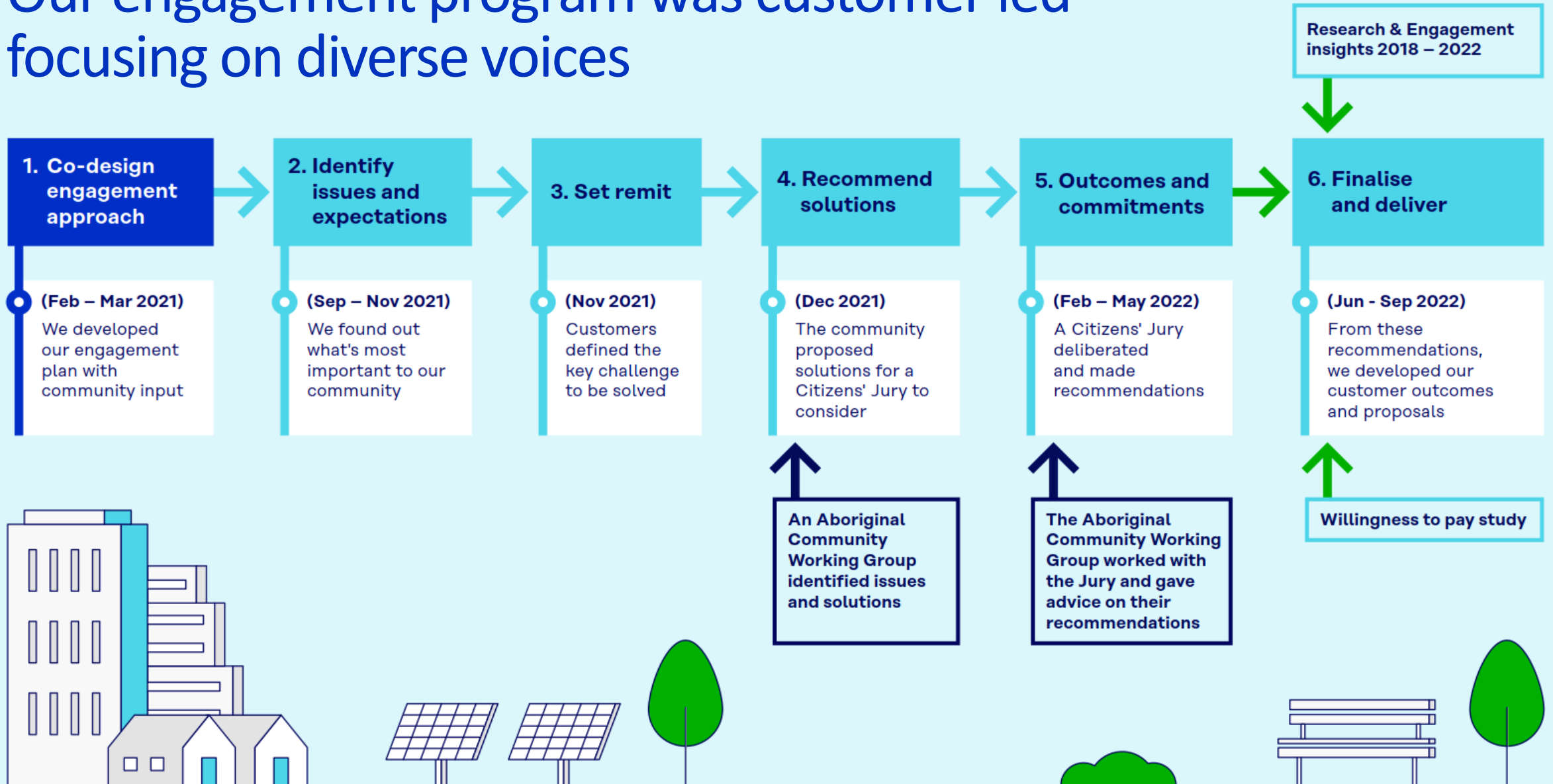
We pay our deepest respects to their Elders past, present and emerging. We acknowledge the continued cultural, social and spiritual connections that Aboriginal and Torres Strait Islander peoples have with the lands and waterways, and recognise and value their care and protection for thousands of generations.

# Key Messages

- We've taken engagement to the next level – our commitments reflect the community's voice
- Building on strong foundation of performance
- Real prices continue to decrease
- Best practice customer support continues
- Prudent and efficient investments – where uncertainty exists, costs are not included
- We'll again back our commitments through a Community Rebate



# Our engagement program was customer led focusing on diverse voices





## Caring for Country philosophy

### 2018-23 Outcomes

### 2023-28 Outcomes

Expect

Safe drinking water

Reliable water and sewerage services

Timely response and restoration

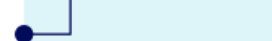
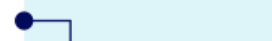
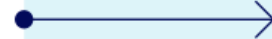
Value

Fair access and assistance for all

Modern flexible service

Water availability and conservation

Care for and protect the environment



**Safe and pleasant drinking water**



**Reliable water and sewerage services**



**Timely response and repair**



**Service that meets everyone's needs**



**Saving water for the future**



**Looking after our natural environment**

Now







Future



# Caring for Country philosophy for our decisions and actions

## For Now

## For the Future

Outcome	 Safe and pleasant drinking water	 Reliable water and sewerage services	 Timely response and repair	 Service that meets everyone's needs	 Saving water for the future	 Looking after our natural environment
Measure	<p>Compliance with safe drinking water regulations (2015) <b>Target: 100%</b></p> <p>Customers who agree we provide great drinking water <b>Target: 91%</b></p>	<p>Customers who experience three or more unplanned interruptions <b>Target: &lt;7000 customers</b></p> <p>Customers who experienced five or more unplanned interruptions in the last three years, and any interruptions this year <b>Target: &lt;3572 customers</b></p>	<p>Customers' satisfaction with the restoration of their services (planned and unplanned interruptions) <b>Target: 91%</b></p> <p>Customers whose water or sewerage service wasn't restored within four hours <b>Target: 4.85%</b></p> <p>Customers whose water or sewerage service wasn't restored within 12 hours <b>Target: 0.35%</b></p>	<p>Customers' satisfaction with their most recent interaction with us <b>Target: 86%</b></p> <p>Customers, who accessed our support services, believe Yarra Valley Water helped them with their bills <b>Target: 92%</b></p>	<p>Water lost in Yarra Valley Water's supply system <b>Target: 7.3% by 2028</b></p> <p>Recycled water used in designated areas <b>Target: 11.8% by 2028</b></p> <p>Average household water use (litres, per property, per day) <b>Target: 396L by 2028</b></p> <p>Business customers who use more than 100ML (100 million litres) of water a year, who have an active water efficiency plan <b>Target: 100%</b></p>	<p>Hectares of land we actively manage to preserve and restore biodiversity and natural habitats <b>Target: 47ha by 2028</b></p> <p>Volume of sewage spills that have a material impact to the environment <b>Target: &lt;5000KL</b></p> <p>Number of customers who were on septic tanks and are now connected to the sewerage network <b>Target: &gt;200</b></p> <p>Percentage of energy requirements met from renewables <b>Target: 100% by 2026</b></p>

# We're delivering our PS4 promises (2018-23)

## Customer Outcomes

- 75% achieved
- Returned \$10.5M to customers if we didn't meet target

Year	✓	✗	\$
18-19	5	2	\$3M
19-20	5	2	\$3M
20-21	6	1	\$1.5M
21-22	6	1	\$1.5M
22-23	6	1	\$1.5M

- Extensive GSL scheme
- Open, transparent reporting
- Mid-point check with customers to confirm priorities

## Customer perceptions

- Improved scores

Year	Sep 18	Aug 22
Satisfaction	6.5	7.1
Value	5.8	6.5
Reputation	6.4	7.1
Trust	6.3	7.1

- Improved comparative position

Year	Sep 18	Aug 22
Satisfaction	8	3
Value	10	3
Reputation	5	3
Trust	7	3

## Service Code indicators

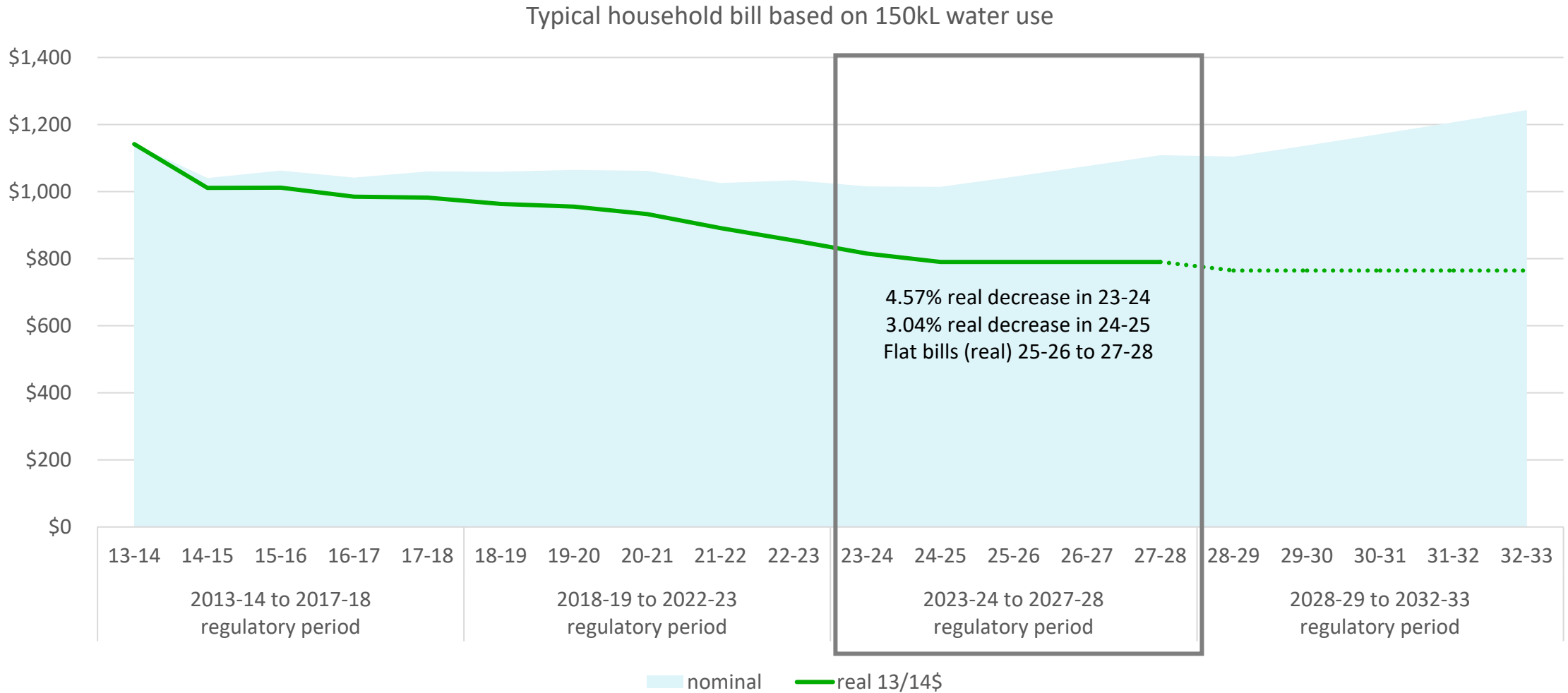
- Met or exceeded 80%
- Substantial improvement in five indicators:

Indicator	Target	Actual
Average time to attend bursts and leaks (minutes)		
Priority 1	43.7	24
Priority 2	87.9	35.6
Priority 3	801.7	285.5
Average time to attend sewer spills and blockages (minutes)		
	82.3	47.4
Average time to rectify a sewer blockage (minutes)		
	242.6	139

## Benchmark allowance

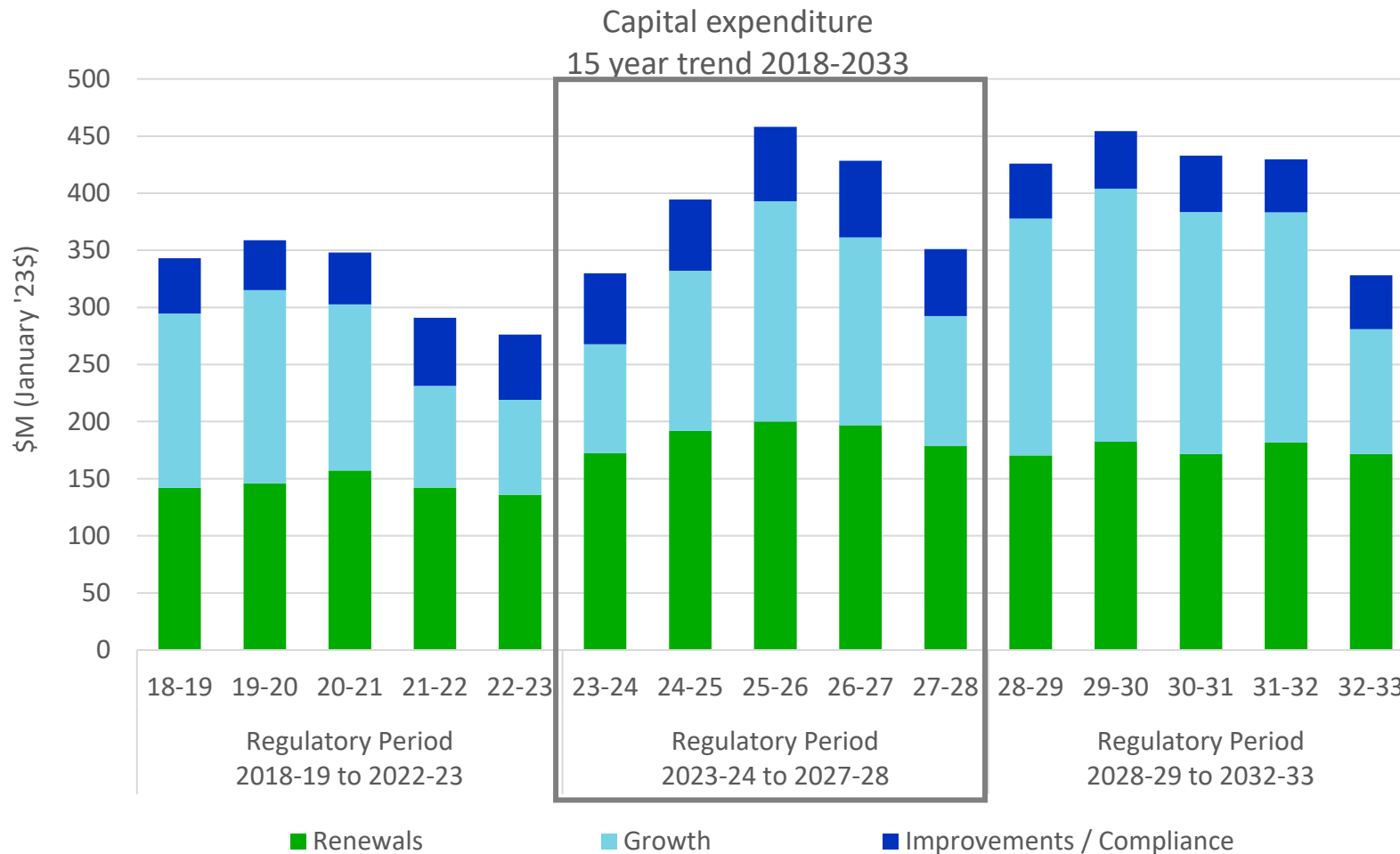
- OPEX productivity
  - 2.5% proposed
  - 1.52% achieved - 2.36% after adjusting for cloud costs.
- CAPEX
  - + \$319.9M (24.7%)
  - + \$76.7M (5.9%) after adjusting for \$257.1M 'at risk' expenditure.
  - 9 of 10 major projects
  - 4000 more connections
  - 250 more CSP properties
  - Lowest-ever NRW – reduction of 3% to 7.8%
  - 5km distribution mains renewed
  - Modern flexible and secure technology

# Customers bills will continue to fall in real terms ...





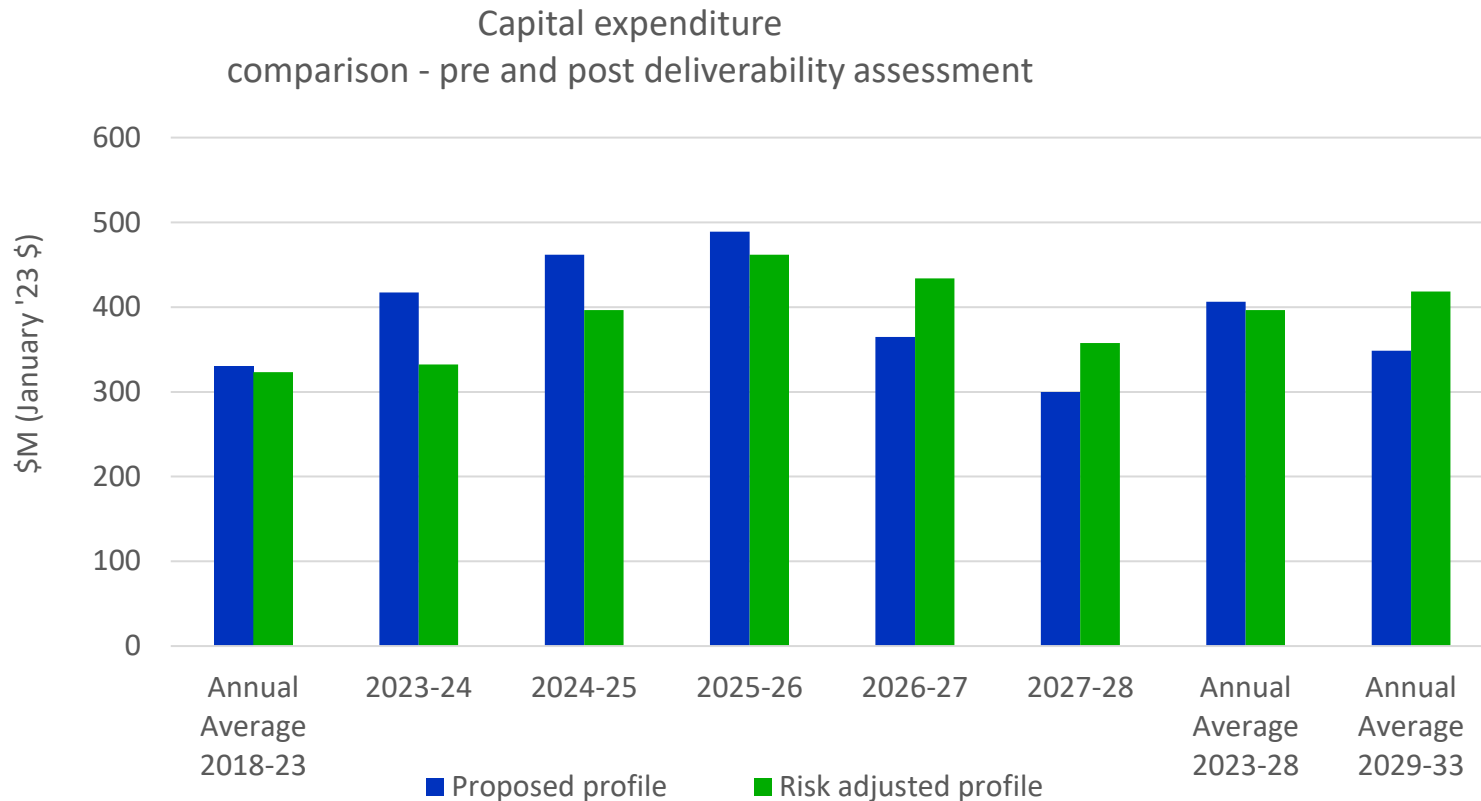
# \$1.96 billion of capital investments



## Drivers of \$345M increase:

- Value of 10 major projects \$454.2M (+\$197.8M)
- Inspection/ renewal of high risk/consequence water mains (+\$67M) – including M4
- Replacement of meters (62% end of life by 2028), +\$46.3M
- Resilience & reliability of assets operating with little or no redundancy (\$62.4M)
- Works at 5 of 8 TP plus full upgrade at Healesville to address capacity deficiency, OH&S and operational efficiency (\$65.3M)
- Sewer capacity deficiencies (\$12.3M)

# We've challenged and tested the program for deliverability and risk sharing



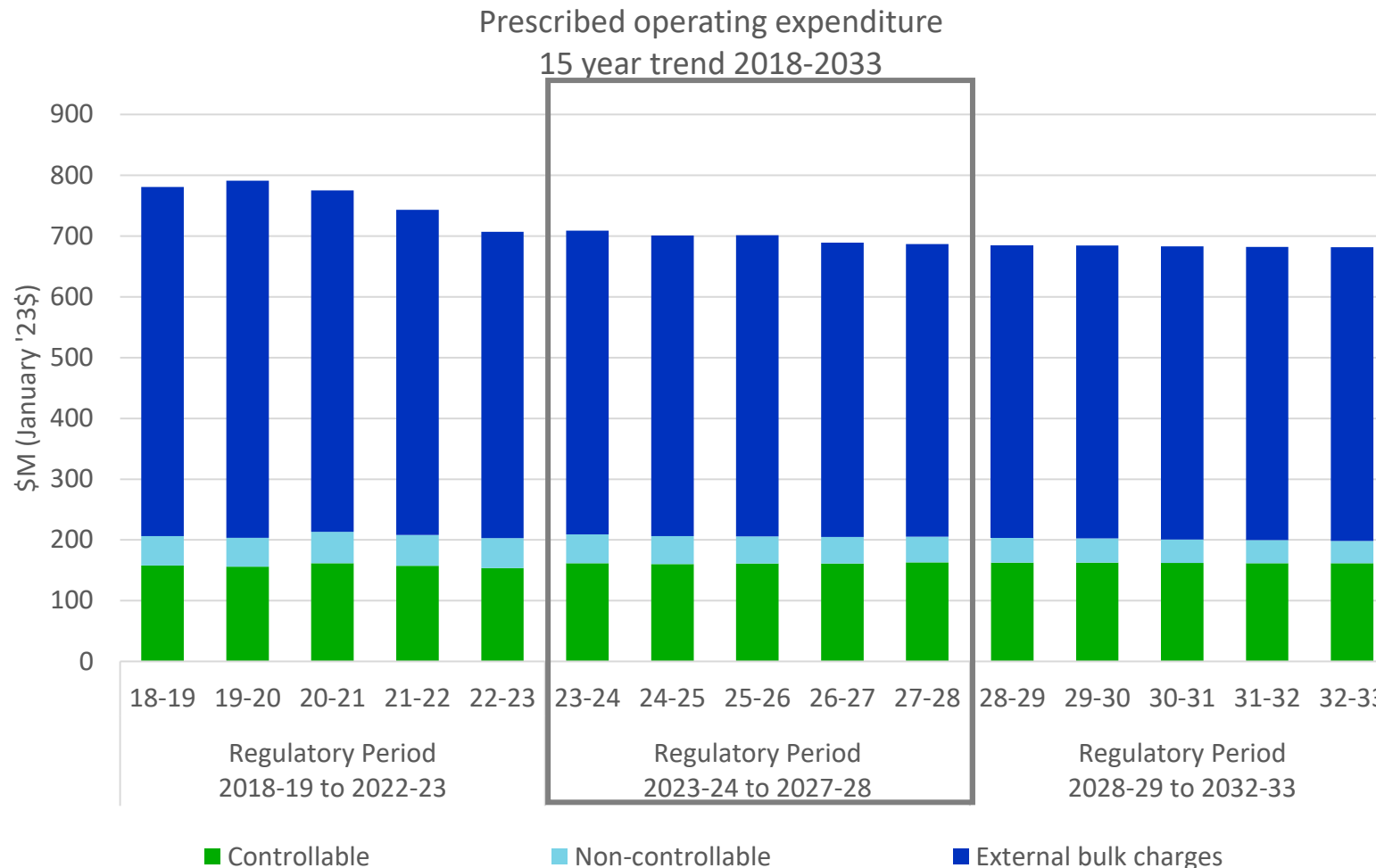
## We're confident of deliverability:

- Latest market experience
- Collaboration at Metro-level
- Timing of works
- Stable tier 2 partners - long-term work
- Ongoing panels for BAU programs
- Embedded maintenance partner for emergency works
- Preferred partner and employer

## We're risk sharing by:

- 50th percentile costs, monte-carlo analysis, contingency optimisation
- Accept \$380.4M of uncertain costs
- Passthrough delays and efficiencies
- No claim for uncertain regulatory changes

# Annual efficiency of 1.7% pa



## Controllable expenditure

- Annual efficiency of 1.7%.
- Net decrease in spend of 0.26% after taking into account forecast costs to provide services to new customers.
- New expenditure supported by customers for biodiversity and water saving products and services.
- Additional costs of certain regulatory compliance.
- Strengthening resilience – emergency management, water quality, cyber security.

# Concluding remarks and questions



# Thank you



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We pay our deepest respects to their Elders past, present and emerging. We acknowledge the continued cultural, social and spiritual connections that Aboriginal and Torres Strait Islander peoples have with the lands and waterways, and recognise and value their care and protection for thousands of generations.

At Yarra Valley Water we are also proud to celebrate, value and include people of all backgrounds, genders, sexualities, cultures and abilities.