

24 April 2019

Dr Paul Paterson
Chair
IPART
PO Box K35
Haymarket Post Shop NSW 1240

Dear Dr Paterson,

Draft Determination on Water NSW prices for the Murray River to Broken Hill Pipeline

The Public Interest Advocacy Centre (PIAC) is an independent, non-profit legal centre based in New South Wales. Established in 1982, PIAC tackles systemic issues that have a significant impact upon people who are marginalised and facing disadvantage. We ensure basic rights are enjoyed across the community through litigation, public policy development, communication and training. The Energy + Water Consumers' Advocacy Program represents the interests of low-income and other residential consumers, developing policy and advocating in energy and water markets.

PIAC welcomes the opportunity to comment on the Draft Determination on Water NSW's water transportation prices for the Murray River to Broken Hill Pipeline.

PIAC broadly supports the Draft Determination, and the application of consistency and cost-reflectivity to access and usage charges for the pipeline.

However, we note that the water usage price structure is predicated on the cost of water being directly related only to the energy required to transport it. This means that the incremental cost for any additional off-take customers, or additional usage by existing customers, is relatively small and not directly related to the availability (or scarcity), and hence the value, of the water resource itself. As a result, PIAC is concerned that this does not appropriately consider issues of water resource scarcity and security in the Murray-Darling Basin, and the significant implications that this could have for the availability and pricing of water delivered through the pipeline.

For instance, additional usage by existing customers or the addition of further off-take customers may only marginally increase the energy related to pumping, but would impact upon the availability of water, not only to Essential and other off-take customers, but to the entire system. We are concerned that the proposed structure does not recognise that the water resource itself is limited (i.e. not limited only by the cost of the energy required to pump it, but also by intrinsic limitations of the rivers' declining flows), and particularly, in light of the projected impacts of climate change, insecure.

Accordingly, while it is difficult for this current process to account for such issues, PIAC recommends that IPART consider how the limitations of water resources in the Murray-Darling system can be incorporated into the pricing structure, and addressed more appropriately in the next determination for the pipeline.

Further engagement

PIAC would welcome the opportunity for further engagement with IPART and other stakeholders to discuss these issues in more depth. Please do not hesitate to contact Douglas McCloskey on 8898 6534 or dmcloskey@piac.asn.au.

Yours sincerely,

Douglas McCloskey

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