

In reply please quote: FC2024/17199

15 November 2024

Marcus Crudden
Executive Director, Price Monitoring and Regulation
Essential Services Commission
water@esc.vic.gov.au

Dear Marcus

Review of New Customer Contributions

Thank you for the opportunity to provide feedback as part of the review of the New Customer Contributions (NCC) framework. Our interest largely lies in ensuring that the framework considers the effort expended in administering NCCs.

Below I summarise the feedback provided to Essential Services Commission officers during consultation via virtual meeting on 8 October 2024.

- Common NCC (and other tariff) pricing across large areas has been a conventional approach at Wannon Water for many years. It has been an efficient pricing method, particularly in areas experiencing low growth.
- A minimum NCC price is critical to maintain.
- Wannon Water acknowledges subsidisation occurs for all our tariffs, not just NCC's. Wannon Water submits the whole tariff basket should be contemplated when considering subsidisation, not just NCC's in isolation.
- Guidance should be fit for purpose across all water corporations. We acknowledge the contradiction between providing detailed guidance and ensuring nuance for location specific NCC's.
- The materiality and efficiency in applying any guidance should be considered in development of revised guidance. Outcomes applying the guidance in regional and rural locations with low growth should also be considered.
- Wannon Water believes that a principles approach, allowing water corporations to work within the principles, remains preferred.
- The Commission could consider how the guidance and NCC model considers industrial or large new connections.
- Estimating capital expenditure and the associated timing, beyond five or ten years is a significant challenge, yet the current NCC framework factors in a 20+ year time horizon.

- Wannon Water deals with a small number of developers (mostly due to low growth), who are varied in their interest to understand the NCC framework.
- The application of the principles can be difficult to understand, with terminology limiting understanding of users. Ensuring use of plain english in the NCC framework would be beneficial.
- The Commission could consider providing contemporary case studies to support engagement with developers, customers and our communities.
- Wannon Water's preference is to remain using the term new customer contributions. We see no compelling reason for change.

We look forward to working with the Commission further as this review progresses into 2025 and 2026.

Yours sincerely



Steven Waterhouse
Acting Managing Director