

Alternate Water 2019-20 Pricing Policy Statement

Alternate water is treated to national and state based standards to ensure it is 'fit for a specific purpose' such as irrigation, garden watering or toilet flushing. This includes recycled water and some stormwater services.

Current uses of alternate water services are:

- Dual reticulation – includes garden watering, car washing and toilet flushing for residential customers and use in cooling towers, industrial processes and toilet flushing for non-residential customers.
- Private irrigation - includes horticulture, viticulture and private open spaces.
- Irrigation for public open spaces - includes parklands and sporting fields.

We regularly engage with our customers and the community about the alternate water services we provide.

Regulatory framework

The Essential Services Commission of South Australia (ESCOSA) takes a principle-based approach to regulating alternate water services. Prices for alternate water retail services are subject to the relevant National Water Initiative (NWI) Pricing Principles <http://www.agriculture.gov.au/SiteCollectionDocuments/water/national-water-initiative-pricing-principles.pdf>

Pricing policy

Dual reticulation schemes

Dual reticulation customers are serviced under a standard contract. Those customers who also receive a drinking water supply are not required to pay an alternate water supply charge. The state-wide alternate water use price is 90% of the first tier drinking water use price. This ensures alternate water is always the cheapest option available to dual reticulation customers.

Other alternate water schemes

Prices for other alternate water schemes recover at least the avoidable cost of the service, but no more than the standalone costs of the scheme.

Avoidable cost includes:

- Capital invested to specifically service the alternate water customer (e.g. reticulation infrastructure) and operating costs associated with that infrastructure.
- Share of capital invested to treat water to a higher level acceptable for reuse.
- Operating costs to treat water to fit for purpose standard offset by estimated operating savings for regulated customers.
- Corporate operating costs to manage the scheme.

Prices are set between the avoidable cost and standalone cost of the scheme after taking consideration of:

- Benefits to other customers or third parties (reduced discharge costs, flood mitigation or resource management).
- Funding contributions from Government or third parties.
- Customer's willingness to pay including the price of substitutes and the quality and reliability of the alternate water supply.

- Price signals to encourage the most efficient use of resources.

Recycled water and stormwater revenues are a cost offsets to our retail business. Where alternate water schemes are the lowest cost solution for wastewater disposal, sewerage customers contribute to the costs of the scheme as the primary beneficiary.

Customers pay a price per kilolitre and in some schemes an alternate water supply charge. In some cases an upfront capital contribution may be required which is calculated in accordance with the Developer Charges Pricing Policy.

Prices are indexed annually in line with CPI or the Producer Price Index depending on the scheme. Periodically repricing of an existing alternate water scheme occurs. Where price adjustment is required customer impacts are considered and a transition path may be negotiated as necessary.

Negotiated agreements

Agreements are negotiated for customers with particular requirements and always include a usage price. These agreements are confidential and indexing of prices is included within the agreement.

Other Fees and Charges

The price to install water meters and connections for alternate water schemes is consistent with our fees and charges schedule.

The price for audits to ensure compliance with the Department of Health and Ageing requirements and national plumbing standards is set out in our fees and charges schedule. These audits ensure the drinking water network is protected and contamination does not occur due to cross connections.

Refer to our Excluded Retail Services Pricing Policy for further detail of the pricing principles applied.

Where to find further information

Our standard alternate water prices are published on our website. We also provide information to customers on how our prices are calculated if requested.