

YARRA VALLEY FUTURE WATER



ROLLING PRICE REVIEWS
PAT MCCAFFERTY
MANAGING DIRECTOR, YARRA VALLEY WATER
NOVEMBER 2015



PRICE SETTING TODAY

CUSTOMER



- Customer engagement
- Transparency
- Intergenerational equity

ESC



- Open process
- New ideas and innovation

GOVERNMENT



- Cost-reflective prices
- Aligned to policy

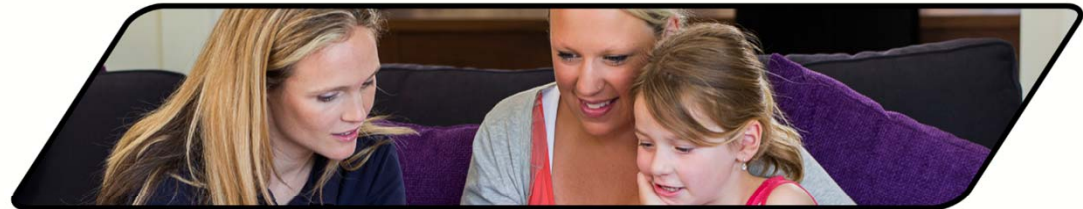
WATER UTILITY



- Independence
- Rigorous planning process

POSSIBILITIES

Deeper customer engagement



Corporate Plan & price submission aligned



More productive & innovative industry

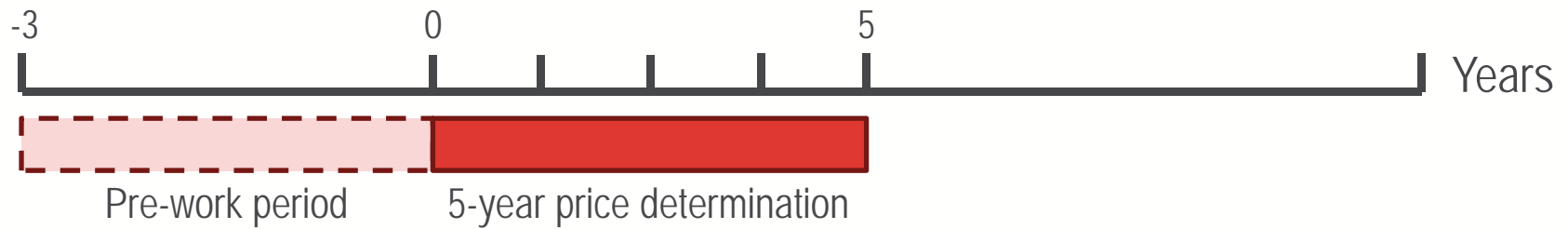


'Deeper Dive' on regulatory issues



THE CONCEPT: ROLLING PRICE REVIEWS

Current framework



Rolling Price Determination framework



FEATURES OF ROLLING PRICE REVIEWS

- Aligned water utility corporate plan
- Every year is a benchmark year
- Can be applied to different pricing methodologies
- Key inputs updated annually



ROLLING PRICE REVIEW BENEFITS

CUSTOMER



- Deeper customer engagement
- Increased certainty
- Reduced price fluctuations
- Lower bills

ESC



- Deep Dive on regulatory issues
- Earned autonomy enabler

GOVERNMENT



- Flexible policy development timetable
- Mini price reviews
- Productivity gains captured for 5 years
- Cost of capital updated annually

WATER UTILITY



- Streamlined business planning & resourcing
- Strengthened engagement and planning competencies
- Actual costs focus
- Smoothing cost fluctuation



Yarra
Valley
Water