

12 December 2025

Gerard Brody
Chairperson
Essential Services Commission
Level 8, 570 Bourke Street
Melbourne VIC 3000

Via email: [REDACTED]

CC: [REDACTED]

Dear Gerard

Re: Amendment to South East Water's PS23 Determination

I write to seek assurance from Commissioners in the relation to the anticipated need for amendments to South East Water's (SEW's) Price Determination 2023 (PS23 Determination) as part of the Commission's deliberations on Melbourne Water's Price Review 2026. Although SEW appreciates recent productive interactions with senior employees at the Commission, the SEW Board considers the matters raised in this letter are of sufficient materiality to warrant me bringing them directly to the attention of Commissioners.

In particular, SEW:

- notes the Commission is currently reviewing Melbourne Water's Price Submission 2026-2031 (PS26), which proposes to:
 - increase the overall costs recovered via retailers,
 - amend the allocation of costs between retailers, and
 - rebalance tariffs between fixed and variable charges;
- draws Commissioners' attention to the absence of mechanisms in SEW's PS23 Determination to pass through to customers all of Melbourne Water's proposed increases in variable prices and costs from higher volumes (relative to Melbourne Water's PS21 forecasts) for water, sewerage and trade waste services;
- is concerned for our organisation's financial viability, given that without adjustment to our PS23 Determination we may be unable to recover over \$100 million in costs in each of 2026-27 and 2027-28;
- considers it necessary for the Commission to exercise its discretion under Clause 6 of our PS23 Determination to adjust SEW prices to reflect bulk water charges;
- considers it necessary that consequential amendments to SEW prices in our PS23 Determination are made to give effect to forecast changes in prices and volumes for sewerage and trade waste services, and that these amendments are best initiated by the Commission; and

- notes that Price Determinations for the other metropolitan water retailers have mechanisms to enable increases in variable bulk costs to pass through to customers.

SEW requests that the Commission indicate its intent to make consequential amendments to SEW's PS23 Determination at the time of making its PS26 Draft Decision in or around March 2026; that is, once it has considered Melbourne Water's PS26. This would enable SEW to advise the Treasurer and Minister for Water on its financial position through submission of our Corporate Plan 2026-2031, which we are required to submit in April 2026.

Finally, I wish to pass on my thanks and appreciation for the productive manner in which Marcus Crudden and other Commission employees have engaged with SEW on this important issue. I look forward to the Commission's consideration and response to our concerns.

If you have any questions in relation to this letter, please contact me [REDACTED]
[REDACTED] or contact Karen Lau, General Manager Strategy & Stakeholder
[REDACTED]

Yours sincerely

Carla Purcell

Carla Purcell
Managing Director

Signature: [REDACTED]

Email: [REDACTED]