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29 July 2016

Dr Ron Ben-David  
Chairperson  
Essential Services Commission  
Level 37, 2 Lonsdale Street  
MELBOURNE VIC 3000

  
Dear Dr Ben-David

### **A new model for pricing services in Victoria's water sector**

Thank you for the opportunity to comment on the new model being proposed for the water industry to develop pricing proposals for the upcoming 2018-2023 Water Price Review.

GWMWater commend the ESC on the consultative processes undertaken to develop the new model for water pricing that is presently the subject of further consultation with the water industry. The consultation undertaken provided very good insight into the background of the Performance, Risk, Management, Engagement and Outcome model (PREMO) model being proposed for the upcoming Water Price Review.

GWMWater supports the thrust of the proposed changes that are inherent in the new PREMO model. The simplification of the of the requirements inherent in the model are welcomed as it will allow water businesses to spend less time complying with documentation requirements and in doing so spend more time communicating the service, risk and price dimensions of their pricing proposals. This should ensure a more coherent articulation of services provided by water businesses and the price of these services.

This support of the PREMO model is provided in the context of what has been communicated in the Position Paper which articulates the proposed changes at a reasonably high level. We acknowledge that in Chapter 9, it was eluded that much of the detail of the PREMO model will be the subject of further consultation. We also understand that a round of engagement is presently being undertaken with water businesses to better outline the context of the PREMO model and that this submission is being lodged ahead of that GWMWater participation in that process.

Thank you once again for the opportunity to comment and in doing so, we look forward to working with the Commission on the further consultation to be undertaken on the New Model for pricing services in Victoria's Water sector.

Yours sincerely

A handwritten signature in blue ink, appearing to be 'M Williams', with a stylized flourish at the end.

**Mark Williams**  
Managing Director