

I am a water services committee member from Murray Valley and the views I express are my own and not those of GMW water services committees.

Termination Fees

In the GMW Submission to Price Review 2016 (Water Plan 4) there is no mention of termination fees or the impact of uniform pricing of IAF has on these fees. Termination Fees will reduce in the Shepparton District from 2015/16, \$44540 to 2019/20, \$30260. This reduction is a result of increased IUF in other districts to cross subsidise the Shepparton IAF.

Total Network Access Charge and calculation of the termination fee

This definition is taken from the draft Review of Water Charge Rules from the ACCC.

“The WCTFR calculate the maximum applicable termination fee by reference to the total **network** access charge (TNAC). TNAC currently includes all fixed charges payable by the terminating irrigator to an operator in the financial year in which notice is given or in which termination takes effect, and excludes charges levied by reference to the amount of water actually delivered (‘variable charges’), storage fees, connection and disconnection fees, and fees that exceed recurrent and capital cost recovery by the operator related to the right of access.

The WCTFR currently cap the termination fee at 10 times the relevant TNAC unless a lesser sum is provided for in a contract or arrangement between the IIO and the irrigator (in which case, the lesser fee applies); or the ACCC has approved an additional termination fee under rule 8.

Where the irrigator terminates only part of their right of access, the termination fee payable is calculated by reference to the proportion of the access right that is terminated.”

In the ‘glossary of terms’ in the draft Review of Water Charge Rules from the ACCC a **network** is described as;

a network of carriers (typically open channels, pipes and/or natural waterways) used to convey water from a water source through customer service points to customer properties—an irrigation network may be either a gravity-fed network (typically using channels and / or natural waterways) or a pressurised network (using pipes)
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GMW proposal to uniform pricing of IAF gives the effect that the network is all the GMID. However the definition above states the network as carriers of water, from a water source through customer service points to customers. Uniform pricing of IAF will contravene the Water Charge (Termination Fees) Rules 2009 as there is a distinct separation from network charges and whole IIO area charge.

Yours sincerely,

Patrick Connolly