

GMW System Pricing Proposal – Comments regarding Draft Decision

- Goulbourn Murray Water (GMW) hasn't justified their proposal for a system price.
- Cost apportionment as put forward was discovered to be false; i.e. district versus whole system costs (as per the INDEC Report).
- A "standard service" across all districts cannot be achieved; particularly given that modernisation has not been completed.
- Given the "reset" of the connections/modernisation which to this day is unknown, any proposal of the system pricing is premature.
- Given water is a physical product that will always take time to deliver from dams to customers, the same service standard can never be achieved across all districts.
- Connections/modernisation now includes a significant number of Low Energy Pipelines (LEP), a Rubicon product patented (although none will be in Loddon Valley). These hybrid pressurised gravity systems, for which GMW has failed to decide on a tariff, incur extra costs of \$5-\$20 per mega litre to operate.
- Effectively large gravity users will be cross subsidising these systems. The matter of a tariff for LEP needs addressing, and has not been mentioned in the ESC draft decision.
- District pricing provides some transparency and competition between districts to drive delivery prices down.
- The issue of legacy district debt has not been addressed. It is believed that the Shepparton district debt is in the order of \$15-\$20 million and has not been paid back; but in fact has been socialised over other GMW districts.
- Until modernisation is complete, the 'status quo' must remain.

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