

2/12/2021

RM/21/31974

Mr David Middleton  
Chairman  
Greater Western Water  
36 Macedon Street  
Sunbury, VIC 3429

By email: [REDACTED]

Dear David

**Greater Western Water's price determination 12-month extension request**

I am writing in response to your letter of 14 October 2021.

You requested that the commission extend application of the current City West Water determination and Western Water determinations for 12 months to 30 June 2024.

You indicated that the additional 12-month period would enable Greater Western Water to

- develop a better understanding of the unique circumstances of the integration City West Water and Western Water
- ensure that it will deliver the long-term benefits and customer value expected from the integration in the next regulatory period
- undertake more informed engagement with its integrated customer group.

Greater Western Water has also outlined that it will:

- provide customers with bill stability and affordability in the additional 12-month period. It will deliver this through a nominal only price change in 2023-24 before tariff basket adjustments and prescribed pass-through mechanisms. The approved tariff basket mechanism will be used for small incremental re-balancing of prices.

- roll forward the existing stated PREMO outcomes that apply under the existing determinations for the 2022-2023 regulatory year, to the additional year.

We published Greater Western Water's letter on our website and asked for public submissions on it. No submissions were received.

Under clause 1.3(b) of both our 2018 City West Water Determination and 2020 Western Water Determination, if we have not made a determination in respect of prices that apply in the next regulatory period on or before 30 June 2023, the manner in which prices are calculated as set out in the determination will continue to apply until a later determination comes into effect.

Enabling the current determinations to remain in effect for an additional 12-month period is a reasonable and sensible approach, for the reasons set out in your letter. This will help to ensure that customers receive maximum benefit anticipated from the integration and enable Greater Western Water to propose the most appropriate and customer supported proposals in the business's next price submission.

I confirm that the commission formally considered your request on 1 December 2021. The commission approved both the 2018 City West Water Determination and the 2020 Western Water Determination remaining in effect for an additional year from 1 July 2023 to 30 June 2024. As no new determination will be made for Greater Western Water by 30 June 2023, the annual adjustment of prices mechanism and procedure stated in clause 2.3(b) and clause 2.3(c) of the existing City West Water and Western Water determinations will apply for the setting of prices in the additional year from 1 July 2023 to 30 June 2024.

As Greater Western Water will now be making its price submission for the next regulatory period at a different time to other water corporations, we intend to issue separate guidance to Greater Western Water under clause 13 of the *Water Industry Regulatory Order 2014* for its next price submission. We expect this guidance will be issued by October 2022 and will consult with you before it is issued.

If you have any queries, please contact Dean Wickenton, Senior Regulatory Manager on [REDACTED].

Yours sincerely



**Kate Symons**  
Chairperson