

Our Ref: A2740139
Enquiries To: Seamus Butcher

26 August 2011

Marcus Crudden
Acting Director, Local Government and Water
Essential Services Commission

Dear Marcus

Re: 2013 Water Price Review – Tariff Issues Paper (July 2011)

Thankyou for the opportunity to make comment on the ESC's above mentioned paper released in July 2011.

Please find attached Barwon Water's comments and responses to the questions raised by the issues paper. Barwon Water's main comments are summarised below.

- *Section 3 - Pricing Principles*

In general, Barwon Water is comfortable with the pricing principles (section 3) as proposed by the ESC and is satisfied they adequately address the WIRO. A clearer definition on subsidy free pricing and inefficient pricing would be beneficial to assist in understanding the ESC's expectations in regard to this principle.

- *Section 4 - Forms of price control*

Barwon Water's current form of price control is 'individual price caps' which are set at start of period and increase by the x factor and CPI annually. Integrated with long-term water supply and financial sustainability planning, this method can avoid 'price shocks' and provide price stability.

The biggest risk for water businesses is managing climate variability and customer demand which results in reduced revenue compared to forecast.

The second biggest risk is the cost of purchasing water from the MGP which is connected to the Melbourne Pool, if Barwon Water was to return to drought like conditions as has been the case over the last 4 years.

A major uncertainty to Barwon Water is whether it will need to use the MGP during the 2013 Water Plan period and if so what the cost of purchasing the water will be. An in principle agreement has been made that the current buy back arrangements will continue during the 2013 Water Plan. I.e. Barwon Water will only need to pay for water as it is required and not be required to pay a baseline fixed service. However, if this decision should change, this will result in significantly increasing Barwon Water's operating costs for the payment of a risk management water supply source that may not be used.

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The way to manage this risk is to continue to apply the “pay as you go” pricing arrangement until such time Barwon Water can “on sell” (through a formal trading regime) the water to a third party or other water businesses that require the water.

Achieving a form of price control that provides the flexibility to apply price increases to mitigate these risks will be one of Barwon Water’s main objectives.

- **Section 5 - Tariff structure and design issues**

Bulk water tariffs and transfer charges

In regard to bulk water and tariff charges it is Barwon Water’s preferred position based on a financial, practical and customer affordability that:

- The continuation of the current obligatory buy back arrangement by the Melbourne retailers which effectively results in the obligation to buy back any unused water of Barwon Water’s entitlement. For simplicity, this has been established as a “pay as you go” volumetric charge which results in Barwon Water paying a combined fixed and volumetric charge in the form of a higher volumetric charge for water as it is used.
- This recognises that a formal trading market has not been established, and is highly unlikely to be established during the 2013 to 2018 regulatory period, therefore paying the total fixed cost of the entitlement, if unused, becomes a “stranded” asset.
- Barwon Water only being allocated costs based on the current total 810.5GL Melbourne Pool capacity of which its 16GL entitlement is included. Any additional costs of increasing the pool size due to metropolitan demand increase should not be borne by Barwon Water as it will increase water supply sources locally before increasing its entitlement.

Retail tariffs

Barwon Water already has in place a two part water tariff and will look to continue this structure during the 2013 Water Plan period.

Barwon Water does consider there is an option to introduce some type of pass through pricing option to reflect the additional costs associated with purchasing more expensive water in times of drought. These costs should be passed through to the volume price to allow customer the choice of paying a higher cost to use the water or a lower cost for those customers who do not wish to use it.

Sewerage and recycled water tariffs

Barwon Water has no major issues with the sewerage volume tariff, as Barwon Water removed this in the 2008 determination for residential customers. The non residential sewerage volume price incentivises businesses to consider alternative water supply options that are cheaper to invest in over a period of time. The main driver for Barwon Water in the 2013 Water Plan period is linking the sewerage service price to customer value.

Barwon Water has no major issues with the recycled water tariffs, however, strongly support recycled water sources being part of the total integrated water resource planning system. The costs should be recovered in line with all other water supply options which is across the broader customer even if they are not direct beneficiaries of the water.

- *Section 6 - Tariff and customer choice*

Barwon Water considers the ability to offer tariff choices such as customer choosing to pay more for water supplied by green power or paying more in time of drought to secure water supply and not be impacted by restrictions and would be difficult to adopt during this regulatory period.

There is an extensive amount of work to be undertaken prior to provision of choice in tariffs, this includes but is not limited to:

- Gauging customer willingness/ providing choice to pay for premium supply
- Calculating various premium prices for the increased security in supply
- How this information would be captured in current billing systems
- Administration and billing costs associated with additional tariff structures
- Increased customer protection issues including defaulting on contract, cooling off periods and ensuring customers understand contracts.

Therefore, at this stage, Barwon Water is unlikely to pursue customer choice as part of this Water Plan, however will consider any developments that may arise or occur during the next regulatory period.

Thank you again for the ESC's issue paper and the opportunity to make comment, Barwon Water looks forward to further discussions and direction from the ESC as we continue preparing our 2013 Water Plan.

Please do not hesitate to contact Seamus Butcher on 5226 2545 in the first instance should you wish to seek clarification or discuss.

Yours sincerely



Joe Adamski
General Manager
Strategy and Technology

2013 Water Price Review

ESC - Tariff Issues Paper

July 2013

Proposed Response to Specific Questions and Summary of Main issues

1. Introduction

As requested the following is a combination of discussion, analysis, and reaction to the *Tariff Issues Paper*. Barwon Water will continue to progress its thinking and modeling with regards to tariff matters during the preparation of its Draft Water Plan.

2. Context

Context that is relevant in the consideration of 2013 Water Plan tariffs (as reiterated by the ESC);

- **Customer Interests - Water** bills are increasing significantly due to major water supply investments. At the same time other utility bills are increasing. There is an increased awareness of the potential benefits of aligning customer interests to price signally which leads to behavioral change. However, these strategies require sophisticated customer engagement.
- **Consolidation and optimization** - Shortages in water resources over the 2013WP is considered less likely due to major investments in water supply capacity, therefore expected that corporations will shift to consolidation and optimizing the new supply sources. This is important for Barwon Water as we develop strategies for incorporating MGP into system operation.
- **Growing population** – it is acknowledged that long-term planning challenges include rapidly growing population, pressures on the natural and built environment from population growth, and increased climate variability. It is important for Barwon Water to develop accurate growth forecasts to determine whether the region can expect average growth or higher than average growth pressures. Considering and understanding both the historical and aspirational growth rates for the region is critical.
- **Volumetric charge** – the Government’s MAC is currently investigating the feasibility of setting a minimum percentage of consumers’ water bills to a volumetric charge. Barwon water’s current volumetric charge maybe sufficient, however the cost reflectiveness of the volumetric charge may be an issue for Barwon Water as LRMC will be very low. Also there maybe increased potential for inefficient bypass (decentralised) investments by the Greenfield development occurring in the Barwon region.
- **Two part tariffs** – NWC and Productivity Commission both advocate adoption of two part tariffs rather than Inclining Block Tariffs (IBT) for water pricing.
- **Decentralised systems** – MAC has recommended the introduction of a private sector licensing regime and third party access regime.
- **Integrated water cycle management systems** – expectations (by MAC) that much future new supply will be based in IWCM, water sensitive cities and water sensitive urban design.
- **Resource Value** – MAC has recommended further work be undertaken to investigate options for including the value of water resources into bulk water prices, e.g. an administered resource value.
- **Customer choice** – MAC and other agencies have suggested there should be more opportunities for customers to exercise choice. E.g. choices regarding could include, security of supply, water restrictions and price volatility.
- **Locational pricing** – MAC questions whether there is potential benefits in locational pricing compared with postage stamp pricing, to more clearly reflect location or temporal cost differences.

3. Proposed Pricing Principles

ESC have identified five proposed pricing principles which are as follows:

Area	Principle	Impact to Barwon Water
Sustainable revenue	Tariff structures, levels and the form of price control should ensure a sustainable revenue stream over the Water Price Review period.	<p>✓ Is in line with Barwon Water's financial sustainability focus.</p>
Subsidy free pricing and inefficient bypass (no cross subsidies b/w customer classes or b/w different tariffs)	For each tariff class (different tariff type), the revenue expected to be recovered should lie on or between an upper bound representing the stand alone cost of serving the customers in that class and a lower bound representing the avoidable cost of not serving those customers.	<p>✓ Barwon Water charges the same price for potable water across all customer classes for both residential and non-residential customers. However, sets different prices for other products such as Class C recycled water, Class A recycled water, and untreated water to reflect the true cost of providing these products.</p> <p>Barwon Water's delivery of alternative products at alternative prices provides choice to some customers.</p>
Tariff schedules	Tariff structures should be simple, understandable and cost reflective.	<p>✓ Water - Barwon Water already has in place a two part tariff structure for both residential and non residential customers.</p> <p>Sewerage – Barwon Water has a fixed price for residential sewerage which reflects the current cost structure. Non residential customers still have a volume charge to incentives investment into alternative water sources.</p> <p>Current tariff schedules achieves customer understanding</p>
Volumetric charge	The volumetric charge should have regard to the relevant marginal costs.	<p>✓ In the 2008 Determination Barwon Water undertook extensive work on setting the volume price at the LRMC.</p> <p>Setting prices at the LRMC sends the signals to customers about the cost of investing in the next water source.</p> <p>LRMC as well as Marginal Cost (MC) will be revisited in the 2013 WP development.</p>
Customer Focus and Equity	Retail tariff and service offerings, and the form of price control should have regard to: <ul style="list-style-type: none"> • the ability of customers to understand the tariff and service offering and respond to price signals • customers preferences and needs in relation to service standards or new services • the costs of implementing the tariff offering, including administration and marketing costs • price path stability. 	<p>✓ This principle and Barwon Water's current pricing takes into account low income and vulnerable customers by including a volume charge which allows more flexibility of the size of the water bill.</p> <p>Barwon Water tariff structure is already in line with Government and ESC policy and principles, and further work will be undertaken to ensure the structure meets the current preferences and needs of customers.</p> <p>At this stage, Barwon Water will not be looking to change prices which will cause difficulty to any one customer class, however if any changes are put forward in the draft water plan, these will be done with due consideration of these principles.</p>

Specific Questions

Do the proposed principles adequately address the WIRO and other relevant requirements in relation to pricing matters?

As highlighted above, Barwon Water believe the proposed principles adequately address the WIRO.

What amendments – changes or additions – are needed to ensure the principles are clear, useful and applicable in the 2013 Water Price Review?

A clearer definition on subsidy free pricing and inefficient pricing. The proposed principle does not clearly explain what the ESC is expecting. This is particularly important with water businesses diversifying their water supply sources and also commencing investigations into charging customer different prices based on varying service levels or quality of water (including restriction levels).

Are there any other matters that we will need to consider in applying these proposed principles?

Tradeoffs between the principles will need to be made to ensure greatest overall community benefit. i.e. subsidy free pricing may require a greater number of geographic (or other variable) based tariffs which may in-turn increases the cost of implementing and potentially complicate (reduce simplicity) of tariff environment.

Summary

In summary, no major issues for Barwon Water as it is currently meeting all of the proposed principle objectives.

4. Form of Price Control

What tariff innovations could be proposed for the 2013 Water Price Review period?

The biggest risk for water businesses is managing changes in customer demands/consumption. Having the ability to change the weighting from the volume price to the fixed price in times of restriction would help manage exposure to loss in revenue.

What are the implications for the form of price control?

A tariff basket form of price control would assist in allowing businesses to change the overall increase from being spread evenly across all tariffs to potentially increasing the fixed charges only to reduce revenue risk in times of restriction. It would also allow you to subtly adjust tariffs to wherever costs are being incurred in the system. So you can subtly change the cost of water or wastewater or trade waste or even NCC depending on the tariffs in the basket

An alternative would be to re-set demand forecasts each year in light of changing climate conditions which would then result in a re-set in prices and reduce revenue loss.

How will equity implications of tariff changes be managed?

Any tariff changes need to be part of an overall strategy to minimise impacts to customers. Tariffs should be introduced over a period of years rather than in one year. Tariff strategies should also take into account other programs in place such as customer hardship programs and concessions provided to pensioner and vulnerable customers.

Are there any significant cost forecasting uncertainties for water retailers, such as demand or variable bulk supply costs? If so, what are the appropriate mechanisms for managing these risks?

Barwon Water will be connected to the Melbourne pool once the Melbourne to Geelong Pipeline is constructed. A major uncertainty to Barwon Water is whether it will need to use the MGP during the 2013 Water Plan period and if so what the cost of purchasing the water will be. Barwon Water has had in principle approval that it will only need to pay for water as it is required and not be required to pay a baseline fixed service. However, if this decision should change, this will result in significantly increasing Barwon Water's operating costs for the payment of an risk management water supply source that may not be used.

The way to manage this risk it to continue to apply the "pay as you go" pricing arrangement until such time Barwon Water can "on sell" (through a trading regime) the water to a third party or other water businesses that require the water.

Summary

Barwon Water's current form of price control is 'individual price caps' which are set at start of period and increase by the x factor and CPI annually. Integrated with long-term water supply and financial sustainability planning, this method can avoid 'price shocks' and provide price stability.

The biggest risk for water businesses is managing climate variability and customer demand which results in reduced revenue compared to forecast. The second biggest risk is the cost of purchasing water from the MGP which is connected to the Melbourne Pool, if Barwon Water was to return to drought like conditions as has been the case over the last 4 years.

Achieving a form of price control that provides the flexibility to apply price increases to mitigate these risks will be one of Barwon Water's main objectives.

5. Tariff Structure and Design Issues

5.1 Bulk water tariffs and transfer charges

Can the current headworks charging structure be improved?

Barwon Waters view is provided in specific questions below.

How will the structure of bulk water tariffs be affected by the desalination plant water resource?

Barwon Waters view is provided in specific questions below.

Are there net benefits in introducing locational signals into bulk water charges?

The benefits need to be compared to the cost of differentiating prices which may result in large variances in prices. These will ultimately be passed onto customers which could lead to customer affordability issues. Also, given the high degree of connectivity in the network, identifying location point differences may be difficult, require considerable modelling and change materially over time as technology changes.

Should the bulk transfer price be a two-part price or is there a case for alternatives such as a pure volumetric charge?

Barwon Water is of the view that the bulk transfer price should be purely volumetric. In Barwon Water's position it will only take water from the Melbourne Water pool as the last resort. Barwon Water's current storage levels are at 90%, this, coupled with major recycled water projects coming on line over the next two years, allows Barwon Water to achieve its water supply water demand balance comfortably for the foreseeable future.

Therefore, if Barwon Water is required to pay an ongoing fixed operating cost for an entitlement which is not required over the foreseeable future will result in sunk cost borne by the customer for not tangible return.

This also recognises that a formal trading market has not been established, and is highly unlikely to be established during the 2013 to 2018 regulatory period, therefore Barwon Water does not have the ability to "on sell" the water to recover the fixed and purchase costs associated with the water. Therefore, as highlighted above, paying the total fixed cost of the entitlement, if unused, becomes a "stranded" asset.

It is Barwon Water's view that a pure volumetric charge signals the true cost of using the water and ensures Barwon Water draws on this resource as the last water supply option.

What are the benefits and implications of more differentiated bulk transfer charges and what options for them may be appropriate?

As above, the benefits of differentiating bulk transfer charges need to be weighed up against the costs, administrative burden, increased complexity and the customer affordability issues from one region of customers paying more or less to a neighbouring suburb that may result from differentiating charges. A significant amount of work to understand the viability of this option and the understanding the potential impacts of differentiating prices needs to be undertaken before a position can be formed.

Should Melbourne Water establish separate charges for the headwork and the desalination plant or should they remain a single bulk water resource charge?

Barwon Water is entitled to, under a bulk water entitlement, up to 16,000ML of potable per annum from the available 810.5 GL Melbourne Pool via the Melbourne to Geelong pipeline. However, Barwon Water will only draw on this entitlement as a last resort due to the cost associated with buying the water from the pool.

Barwon Water preferred position is to ensure it continues to only pay for the costs associated with operating, treating and transferring the current 810.5GL (includes the desalination plant's 150GL supply) and should not be required to pay additional costs associated with any (if any) further augmentations of the Melbourne system to meet Melbourne's increasing demand needs.

Barwon Water strongly believes it will not require an increase to the current 16,000ML entitlement as it will investigate local water supply options thoroughly before considering increasing its water usage from the MGP.

Therefore, it would be inequitable and unreasonable for Barwon Water to fund costs associated with increasing the Melbourne Pool when its allocation to the pool will not change.

Summary

Barwon Water's preferred position based on a financial, practical and customer affordability perspective is for:

- The continuation of the current obligatory buy back arrangement by the Melbourne retailers which effectively results in the obligation to buy back any unused water of Barwon Water's entitlement. For simplicity, this has been established as a "pay as you go" volumetric charge which results in Barwon Water paying a combined fixed and volumetric charge in the form of a higher volumetric charge for water only as it is used.
- This recognises that a formal trading market has not been established, and is highly unlikely to be established during the 2013 to 2018 regulatory period, therefore paying the total fixed cost of the entitlement, if unused, becomes a "stranded" asset.
- Barwon Water only being allocated costs based on the current total 810.5GL Melbourne Pool capacity of which its 16GL entitlement is included. Any additional costs of increasing the pool size due to metropolitan demand increase should not be borne by Barwon Water as it will increase water supply sources locally before increasing its entitlement.

5.2 Retail tariffs

What are the implications of increased variability and uncertainty in bulk water costs for retail tariff structures and levels?

The costs and benefits of a pass through approach and a smoothing approach will be considered by Barwon Water given it may (depending on how Melbourne Water sets its bulk water costs) have some exposure to bulk water cost variability via the MGP.

What are the efficient options for managing this uncertainty and meeting other WIRO objectives and the pricing principles?

As above

Are there net benefits in reflecting differences in distribution system costs by time or location in retail tariffs?

The benefits of differentiating tariffs between specific water supply areas include customer understanding the true cost of supplying water to these areas and reduces the burden of increased prices from areas that are cross subsidising the more costly areas. However, in the case of Barwon Water, the areas with the highest costs have the smallest populations and

therefore would result in a significant increase in prices while the area that is cross subsidising would only see a marginal decrease in prices.

Based on the increasing issue of customer affordability and variability in water prices, Barwon Water does not believe that the benefits of pricing for each location outweigh the costs and increased prices to customers.

Are there any factors that would support a water business's default retail water tariff not being a two-part tariff?

Barwon Water supports the application of a two part tariff and is looking to continue this structure for the 2013 Water Plan period.

What approach should we take to innovations to default tariff offerings?

Any innovations should be considered against the pricing principles identified in the Tariff Issues Paper.

Are businesses in a position to be able to offer choice to water customers?

Choice can be viewed in various ways. Water businesses are already providing choice via recycled water sources which enables customers an alternative water supply option at a lower price (albeit restricted to certain development areas).

Other options to provide customer choice are to reduce service levels or to investigate peak and off peak pricing to provide customers an incentive to use water in times when there is less strain on system.

These types of customer choices are difficult to administer, measure and therefore pass on the savings through direct price reductions in the current environment; however it is an area that should be investigated into the future.

Water restrictions choice

Offering a choice regarding 'water restrictions' for individual households is impractical to administer. Options which offer a reduced tariff with water restrictions, or a premium tariff with no restrictions, would be impossible to regulate, as it is difficult to determine which houses were abiding to the restriction rules.

The only way to administer such a water restrictions choice would be to offer the choice to the 'entire' (or supply area specific) regions, and offer different levels of water security. Options may involve either deferring a water supply augmentation for a reduced level of security, or undertaking the supply augmentation to provide an increased level of security. Then the difficulty would come in understanding how much of the customer population (e.g. >50% or 100%) is required to endorse a decision.

What constraints are there in offering a choice in water tariffs?

The main constraints in offering a choice in water options is developing a pricing structure that clearly captures the various pricing options while continuing to provide a simple and easy to understand pricing structure for customers.

Also, if choices were fluid (could be made at any time over the Water Plan period by customers) water corporations would also need to forecast customers choices, this adds another variable which would make it difficult to ensure consumption forecasts match the revenue requirements.

Summary

Barwon Water already has in place a two part water tariff and looks to continue this structure during the 2013 Water Plan period.

Barwon Water does consider there is an option to introduce some type of pass through pricing option to reflect the additional costs associated with purchasing more expensive water in times of drought. These costs should be passed through to the volume price to allow customer the choice of paying a higher cost to use the water or a lower cost for those customers who do not wish to use it.

5.3 Sewerage and trade waste tariffs

Does the structure of Melbourne Water's bulk sewerage charges need to be reviewed?

Does the structure of the Melbourne water retailers' sewage disposal charges provide the right balance between efficiency, and the ability of customers to respond, simplicity, and equity?

Not applicable

Are there any issues with regional urban water businesses' sewerage tariffs?

The main issue with sewerage tariffs is that customers feel they are paying for a service that is not easily identified. When customers pay for water they feel they gain from a tangible product, however the removal of sewerage from a property is less obvious and the costs associated difficult to measure.

As a result, total customer bills (both water and sewerage) reflect a high proportion of fixed costs (Barwon Water specific) due to the sewerage service charge.

One of the main objectives for the 2013 Water Plan is communicating to customers the costs of removing and treating sewerage so customers can put a value to the price they pay.

Do trade waste disposal charges provide the right balance between efficiency, and the ability of customers to respond, simplicity, and equity?

Barwon Water has in place trade waste quality pricing model which calculates prices based on the load over and above thresholds for each analyte and the cost associated with treating this. Barwon Water's model has been tested over both the first and second regulatory model without any concerns with trade waste customers. It provides a clear signal to trade waste customers the cost of treating the additional waste at each reclamation plant.

Summary

No major issues for Barwon Water as the sewerage volume price was removed at in the 2008 determination for residential customers. The non residential sewerage volume price incentivises businesses to consider alternative water supply options that are cheaper to invest in over a period of time.

The main driver for Barwon Water in the 2013 Water Plan period is linking the sewerage service price to a value that can be recognised by customers.

5.4 Recycled Water

Are any changes required in the approach to determining recycled water prices having regard to the experience in the last Price Review period, the proposed pricing principles, the WIRO Regulatory Principles or the NWI pricing principles.

There is an opportunity for the WIRO to recognise recycled water as another water supply option and therefore provide the ability to recover the costs from the broader customer base. Recycled water should not only be evaluated on a least cost option but also environmental and social evaluation and the avoided environmental and financial costs from the potable system needs to be taken into account

The ESC should mirror the WIRO's direction and provide the ability to recover the costs of recycled water across the broader customer base and link to base benefits such as environmental values, deferring large bulky potable water augmentations and other avoidable costs should be part of the pricing strategy.

Barwon Water supports the view that pricing should reflect the role of recycled water as part of an integrated water resource planning system. The costs, therefore, should be recovered the same way as all other water supply options.

Barwon Water supports the cross-subsidy of recycled water by the general customer base, where recycled water helps maintain balance of supply and demand.

Summary

No major issues, however, Barwon Water strongly support recycled water sources being part of the total integrated water resource planning system. The costs should be recovered in line with all other water supply which is across the broader customer even if they are not direct beneficiaries of the water.

6. Tariffs and Customer Choice

Should the Commission allow water businesses to offer customers choice in tariff offerings?

Barwon Water considers the ability to offer choice to customer tariff offerings as a possibility. However, there would need to be extensive amount of work undertaken to understand the impact on business operations, administration limitations, customer perception and take up of such offers.

Including customer 'choices', adds another variable into the already challenging water planning process. Not only will water corporations be required to predict the weather and consumption (customer behaviour), they will now have to predict which choices customers will make.

If so, is the Commission's proposal to regulate only default tariffs supported?

Barwon Water supports the proposal to only regulate default tariffs. This would also provide flexibility for water businesses to learn from the process and improve going forward without the extra complexity of regulation. However, as highlighted in the ESC's paper, there would be new risks and disclosure required to ensure customers are provided and understand all of the information as part of the tariff choice.

What role should the Commission play with respect to alternative tariffs offered by water businesses?

Commission should be involved only where the revenue received is part of the total revenue requirement and similar to the current process only step in if there is customer appeal.

If tariff choice is introduced, what aspects of consumer protection would need to be introduced or enhanced?

As highlighted in the ESC paper, consumer protection needs to include cooling off periods, switching policies, comparison tools and detailed programs to ensure customers understand what they are paying for.

Summary

Barwon Water considers the ability to offer tariff choices such as customer choosing to pay more for water supplied by green power or paying more in time of drought to secure water supply and not be impacted by restrictions and would be difficult to adopt during this regulatory period.

There is an extensive amount of work to be undertaken prior to provision of choice in tariffs, this includes but is not limited to:

- Gauging customer willingness/ providing choice to pay for premium supply
- Calculating various premium prices for the increased security in supply
- How this information would be captured in current billing systems
- Administration and billing costs associated with additional tariff structures
- Increased customer protection issues including defaulting on contract, cooling off periods and ensuring customers understand contracts.

Therefore, at this stage, Barwon Water is unlikely to pursue customer choice as part of this Water Plan however will consider any developments that may arise or occur during the next regulatory period.