

4 November 2016

Water Team  
Essential Services Commission  
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**Re: Assessing and rating PREMO price submissions – consultation paper**

Thank you for the opportunity to provide a response to the consultation paper on assessing and rating PREMO price submissions. VicWater is the peak body of the Victorian water industry with its membership constituted of Victoria's statutory water corporations. Those corporations are responsible for the provision of urban water and wastewater services, rural water supply including irrigation and related drainage services. VicWater has consulted widely in order to prepare this submission. We encourage water corporations to make separate submissions highlighting issues specific to their business, if there are any.

Water corporations have taken a keen interest in the framework for PREMO self-assessment outlined in the consultation paper. Consequently, during the preparation of this submission, a number of questions and potential areas for clarification emerged. However, since water corporations continue to be very happy with their engagement with ESC during this review, and support the principles and intent of the model being developed, it was determined that the best course of action is to work cooperatively with the ESC throughout the 2017 pricing submission and assessment process to resolve any issues that may arise at the time.

The only exception to this is in relation to the alternative scoring methods being considered in section 4.3. Water corporations support the alternative scoring method 4.3.2 - but not the 'additional scoring rules' that are proposed. Such rules are overly strict and quantitative in an otherwise subjective assessment. This approach may result in businesses 'holding back' on their ambition if they feel they have a particular strength or weakness.

Once again thank you for the opportunity to respond to the Commission's consultation paper. We look forward to the next phase of the review.

Yours sincerely



**Tony Wright**  
**Chief Executive Officer**