

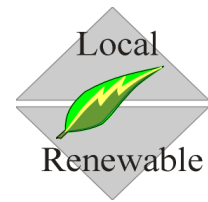
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PLAINS WATER LTD

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25 January 2008

The Commissioner
The Victorian Essential Services Commission
Level 2, 35 Spring Street
Melbourne
Victoria 3000

Dear Sir,

Re: Submissions to the 2008 Water Price Review

Our company has proposals for the development of recycled water infrastructure in Victoria to assist in meeting the substantial deficit in water infrastructure. In that context we have some interaction with land developers whose views we note the Commission is seeking and which we are to some extent able to represent in this response together with our own.

In the context of the provision of recycled water infrastructure by private sector on a voluntary and unsolicited basis, we would submit that the Commission should consider the matter of competitive neutrality.

We would draw the Commission's attention to the determination of the Independent Pricing and Regulatory Tribunal in NSW; Water – Determinations and Report 2006, *Pricing arrangements for recycled water and sewer mining*. In particular we would ask the Commission to note the deliberations of the Tribunal on avoided and deferred costs in voluntary recycled water endeavours (pages 63-69 and Appendix C pages 77-82).

We note that other than in relation to trade waste, these matters have not been considered in the Commission's 2008 Water Price Review and we would submit that it is appropriate that they are.

Our submission reflects that of the AGL Company Limited as set out in the Tribunal's report at page 67, which notes: "that if competitive neutrality between the private and public sectors is to be achieved, private sector will need to be given access to:

- Amounts equivalent to the developer charges that would be paid to the incumbent water provider, and;
- Revenue from parties other than direct users of a recycling scheme where the scheme gives rise to avoided or deferred costs beyond the scheme itself."

Yours faithfully,

Michael Jones
Managing Director
Plains Water Ltd