

Greater Sydney Customer Advisory Group - Minutes of Meeting



Location: WaterNSW, L9 420 George St, SYDNEY

Date: 5 March 2020

Time: 9.30am

Present: Daniel Buckens, Marina Hollands, Gary Wallace, Peter Griffiths, Paul Rasmussen (from 10.30am), Garry Styles (observer), David Stockler, Jonathan Dickson, Peter Littlejohns, Emma Oates, Enrico Proietti and Toni Hayes (minutes).

A Fraser attended for agenda item 2.1.

M Clayton attended for agenda items 3.1-3.2.

T Gilbert, S Ronan and G Abood attended for agenda item 6.6.

Meeting Opened: 9.30am.

1. Welcome and introductions

1.1 Apologies

- Lachlan Hammersley.

1.2 Confirmation of Agenda Items

- Nil additional agenda items tabled.

1.3 Declaration of Interest(s)

- Declarations of interest were sought from attendees in relation to the meeting's agenda items. No interests were declared. Items included in the agenda are not considered confidential unless declared as such.

1.4 Election of Chairperson

- Carried over to next meeting as no quorum.

1.5 Minutes of Previous Meetings, 5 November 2019:

- Resolved the minutes of meeting held on 5 November 2019 be confirmed as a correct record. Taken as read.

*G Wallace/D Buckens
to be ratified at next meeting*

1.6 Actions arising from minutes

- See action sheet attached.

2. Water Delivery:

2.1 Water System Operations Report (P Littlejohns)

- WaterNSW presented an update of the Annual Operations Plan for the Greater Sydney and Fish River valleys including dam storage, water quality, demand, rainfall, storage forecast and outage planning. The plan is publicly available on WaterNSW's website at www.watnsw.com.au/customer-service/news/operations.

Contact us

Call us on **1300 662 077**

Visit us at watnsw.com.au

Follow us on Twitter [@WaterNSW](https://twitter.com/WaterNSW)

Provide feedback on "Your Voice" at oursay.org/watnsw

watnsw.com.au

- Heavy rainfall was recorded across all Greater Sydney catchments from Friday 7 February to Sunday 9 February resulting in large inflows. Subsequent rainfall has resulted in further inflows to storages. As at 18 February total system storage is 80.9%, an increase of 39.2% since Thursday 6 February. Shoalhaven transfers have ceased as total system storage now exceeds 80%.
- Warragamba Dam is now back online as the primary supply to Prospect WFP. Whole system is now back to standard.
- The Sydney Desalination Plant began producing water in March 2019 and is still at full capacity of approximately 250ML/day. This additional water supplied directly into Sydney's drinking water system (administered by Sydney Water Corporation) assisted WaterNSW to meet demand while Warragamba Dam was taken offline during the recent rainfall event. With the total system storage now above 70%, the desalination plant is due to be ramped down to a 'pre-drought' operational state. The current Level 2 water restrictions have been lifted.
- Members queried if there is an opportunity to shandy Warragamba water. WaterNSW advised this is an issue for Sydney Water, State Government and the operator of the desalination plant. There were some short-term thoughts to keep going for some period because of water quality, however where negotiation will go is not known.
- Unfortunately, the rain in Sydney did not extend to Oberon Dam and the trigger to implement Level 4 Water Restrictions for the Fish River Water Scheme has now been reached. The Blue Mountains system received heavy rainfall in February and will not require water from the FRWS for some months.
- Flows at Duckmaloi have resumed. Have discussed with Energy Australia about the best way of getting water from Duckmaloi utilised.
- Warragamba SCARMS plot showing the behaviour of intrusions in Lake Burragorang over a 4-week period was presented (attachment 1).
- Members queried if Sydney Water will be doing works at Cascade given recent rainfall. There has been no definitive answer from Sydney Water regarding this. The Cascade system relies heavily on the Fish River system and WaterNSW is looking at options to ensure the Sydney water system can function. During the drought Sydney Water has been doing assessments in conjunction with WaterNSW to ensure they can meet demand within current regulatory arrangements.
- Regarding transfers from Duckmaloi, Sydney Water is understood to have an interest in progressing work on this option. Has been referred through our IPART process as an option we should take a close look at. Replacement of the pipeline in the Blue Mountains is part of our long-term options, which might lessen the burden for Oberon.
- A lot of options were raised however the question is when can it get into the IPART process for consideration? There is interest to try to connect Duckmaloi with Oberon. WaterNSW will take any customer-supported projects to IPART for consideration for a way forward. It is understood that Sydney Water has not come to a final decision however is well aware of the situation and fragility of water supplies.
- Members stated the proposed pipeline from Duckmaloi into Oberon is receiving positive feedback. Oberon Council raised the idea of whether water could be treated before it gets into Oberon to make more acceptable in terms of usability.

Contact us

Call us on **1300 662 077**

Visit us at **waternsw.com.au**

Follow us on Twitter **@WaterNSW**

Provide feedback on "Your Voice" at **oursay.org/waternsw**

- Oberon is keen to push the project along as a drought project to improve costs. Oberon stated it has been raised in previous 20YIOS discussions, but now there is a good opportunity to get it looked at to see pricing/financial analysis to put pressure on politicians.
- WaterNSW noted that there is currently no funding to do a feasibility study at the moment and a lot of supported LOS projects have been put aside awaiting IPART funding. Oberon Council is keen to push through political avenues as Oberon Dam is Oberon's single supply of water with no other option.
- In pushing drought projects along with Duckmaloi connection, Oberon Council plans to speak to the local member to seek funds to sort out yield, to get some certainty about growth program, trying to push this as well. To be discussed out of session with WaterNSW input regarding the options.

3. Assets:

3.1 Maintenance update (M Clayton)

- Asset performance and maintenance in the Greater Sydney and Fish River valleys presented and discussed, including routine preventative and corrective maintenance delivery.

3.2 Capital Plan update (M Clayton)

- WaterNSW provided an update on current projects under the 2018-21 Determination, including forecast expenditure, candidate projects, completed projects and work in progress.
- The pricing submission for FY22-23 is currently being drafted. The Fish River valley capital budget will be reduced by approximately \$4M.
- Members asked about flooding and associated damage and costs in comparison to previous floods. WaterNSW advised that any damage was relatively minor. Important to get cleared but didn't cause any significant issues and no major impact. Most impact has come from fires (trees) but is a separate project to recover from bushfire.
- Duckmaloi fluoridation plant due for commissioning in April 2020, external audit still to be done prior to going into production.

4. Business Papers:

- Noted and taken as read.
- Members queried why routine maintenance is over budget. Taken on notice.
- WaterNSW highlighted that any overspend does not impact customer prices (just eats into WaterNSW return). In relation to underspend, it is important to note there is still 12 months left in the determination.

Action GS2003.01: WaterNSW to provide information to the Greater Sydney CAG on why routine maintenance (as per OPEX report) is over budget.

Responsibility: B Mayhew

5. General Business

- Nil new business raised.

Contact us

Call us on **1300 662 077**

Visit us at waternsw.com.au

Follow us on Twitter [@WaterNSW](https://twitter.com/WaterNSW)

Provide feedback on "Your Voice" at oursay.org/waternsw

6. Presentations/Consultation (joint presentation with Coastal-Hunter CAG):

6.1 Regulatory Economics – Pricing Determination Engagement (J Dickson)

Rural Pricing Determination:

- WaterNSW has heard from customers about the deep and lasting impact of ongoing drought, and as a result we believe delaying the timing of the IPART Rural Pricing Determination is in the best interest of our customers. With support from the CAGs, we will seek to defer the current timeline.
- WaterNSW is proposing a 2-year deferral with no change to proposed revenue for the two years (excluding the impact of inflation); and the application of the updated 20-year rolling average, which, due to lower volumes, would lead to an approximate 5% average bill increase. Discussed.
- Members are supportive of the proposal to defer for two years.

Customer Juries:

- In line with the deferred timeline, WaterNSW will commence engagement with Customer Juries in the next calendar year. Customer Juries will be a core component of engagement on the Rural Pricing Determination and will be **in addition** and complementary to CAG meetings.
- Members in the coastal valleys feel they will not get adequate representation on the juries. There are vastly different issues on the coast and members feel coastal issues will be diluted.
- WaterNSW is aware that the coast has different issues and is proposing to run a parallel process specific to the coast, following the same outline as the three juries, then will come together with the whole jury at the end. Discussed. Members stated that having a satellite for the coast is a good compromise that customers can work with.
- As previously advised, WaterNSW has engaged the services of newDemocracy to undertake the engagement with customers, including recruitment of the juries. The CAGs will be invited to directly participate in two of the meetings and CAG Chairs will also be involved.
- WaterNSW highlighted that, as has been the case in the past, it is also up to water users, groups to make their own submissions to IPART. The Jury process is about having a wider conversation about customer supported initiatives for consideration in the IPART Pricing process.
- WaterNSW will provide governance documents to assist customers and juries.

WAMC (Water Administration Ministerial Corporation) Pricing Determination:

- A new IPART WAMC pricing determination will be in place from 1 July 2021. The Determination applies to the WAMC services provided by WaterNSW, DPIE-W and NRAR.
- WaterNSW's objective for our customers in the 2021 determination is to ensure new charging arrangements lead to efficient, cost reflective charges at lowest cost providing transparency to customers on what their charges are paying for.
- As discussed at the October/November 2019 CAG round, current charging does not provide transparency of the functions and costs for WAMC services across the three water agencies. WaterNSW is working with DPIE-W and NRAR to develop charging arrangements to increase transparency and improve cost reflectivity. Discussed how it will work, current splits, what transparency will mean for customers etc.
- Feedback received from the October/November 2019 CAG round highlighted broad consistency from customers on the key messages around transparency, cost reflectivity and value for money.

Contact us

Call us on [1300 662 077](tel:1300662077)

Visit us at waternsw.com.au

Follow us on Twitter [@WaterNSW](https://twitter.com/WaterNSW)

Provide feedback on "Your Voice" at oursay.org/waternsw

- Investment and systems discussed.
- Discussed what full cost recovery means, cross-subsidisation, fee for service, ability to pay/willingness to pay.
- Members are supportive of WaterNSW's proposal to separately identify the costs for each organisation. In relation to the move to fully cost-reflective fee-for-service charges over time, members are supportive however want to be part of the process to better understand what this means.

6.2 Projects Update

WaterNSW provided an update on emergency drought projects and critical water activities underway across the state:

Critical State Significant Infrastructure (CSSI) Projects (M Clayton):

- In October 2019, the Prime Minister and NSW Premier announced the planning and delivery of three new or augmented dams in NSW (Wyangala Dam raising, and construction of new dams on the Mole River and Dungowan Creek). These projects have been identified as Critical State Significant Infrastructure (CSSI) projects in the *Water Supply (Critical Needs) Act 2019*.
- The projects have been mobilised with project delivery planning underway, shovels expected in ground October 2020 and construction commencement expected October 2021. There will be more detailed consultation with CAGs and community groups as the projects progress.

Western Weirs program (CSSI) (M Clayton):

- The Western Weirs program involves a holistic approach to improving the management of the Barwon-Darling and Lower Darling rivers and includes assessing feasibility of modifying and changing the operation of river infrastructure; improving asset condition and capability of existing weirs; improving river health and reduction of no-flow events; provision of fish passage and implementation of a new ownership and maintenance regime.
- Development of hydrology and hydraulic models, project plan, community and stakeholder engagement/consultation plan and Interagency meetings are currently underway. Stakeholder engagement and consultation is forecast to commence February/March 2020.
- The question of asset ownership will form part of the project brief. We note that final funding is still unknown.

6.3 Major Projects – partner update (M Clayton)

- WaterNSW is currently planning and delivering a \$10billion portfolio of Water Infrastructure, most of which is on a fast-tracked delivery timetable. This will require WaterNSW and Industry to form strategic partnerships. The three dams in the CSSI project are an important part of this broader portfolio.
- We have gone to the market to seek a Portfolio Delivery Management Partner (PDMP) to boost our capability and capacity and manage the development and delivery of critical projects.
- There has been a huge response to the EOI process. WaterNSW expects the awarding of contract to be around April 2020.
- Discussions occurred around expanding WaterNSW's dam surveillance and capability to do work for others (fee for service).
- Funding discussed and how much WaterNSW already has been granted. Still in discussion phase. If it wasn't in the last submission, it isn't funded and is not in our allowance.

Contact us

Call us on [1300 662 077](tel:1300662077)

Visit us at waternsw.com.au

Follow us on Twitter [@WaterNSW](https://twitter.com/WaterNSW)

Provide feedback on "Your Voice" at oursay.org/waternsw

6.4 Water Reform Implementation Plan (WRIP) – metering update (J Dickson)

- WaterNSW provided an update on metering reform including current timelines for compliance and work in progress on meter transfer, meter ownership and pending information on telemetry.
- Customers are encouraged to check Works Approvals, confirm installations are compliant with Works Approvals and understand the pathway to compliance. This may differ from customer to customer.
- The Data Acquisition Service (DAS) and Duly Qualified Person (DQP) Portal is due for release end March 2020.
- Telemetry and meter ownership discussed and requirement to be compliant.
- WaterNSW encourages customers to do what they can and keep records of what they have attempted to do to achieve compliance.

6.5 Fixed Fee Rebate update (J Dickson)

- As previously advised, the government has repeated the rebate for the current water year. WaterNSW continues to advocate for further rebates to assist those with no access to water.
- An additional \$1M has been provided to valleys where High Security and S&D access has been unavailable.
- Issuing of regulated Q1 bills was delayed as a result of the extension of the rebate and the impact from the bushfires across NSW.
- For more information go to <https://www.dpi.nsw.gov.au/climate-and-emergencies/droughthub>

6.6 WAMC update from NRAR (S Ronan)

- NRAR was invited to present its WAMC plans to customers and use the opportunity to answer questions on IPART submission planning. NRAR provided an update on allegations and investigations to date (statistics), services, IPART processes, agency roles, objectives and functions and compliance management.
- Members raised a variety of questions about NRAR costs, funding model and compliance that NRAR responded to in the meeting.

Meeting Review and Close

Next Meeting : Thursday 9 July 2020

Meeting closed: 2.05pm

Contact us

Call us on **1300 662 077**

Visit us at **waternsw.com.au**

Follow us on Twitter **@WaterNSW**

Provide feedback on "Your Voice" at **oursay.org/waternsw**

Greater Sydney Customer Advisory Group – Actions – 5 March 2020

Carried forward actions

Action No.	Action	Responsibility	Status
GS1911.01	Contact Emma Oates in relation to providing feedback to WaterNSW on potential capability increases to Duckmaloi/Oberon.	G Wallace / G Styles	Complete. Significant work and discussions have occurred and will continue outside of the CAG.
GS1911.02	Drought strategy and drought triggers discussion to be included as part of the Water Operations Plan presentation at CAGs going forward.	D Tomlinson	Refer to agenda item 2.1.
GS1911.03	Update on modelling on recalculation of sustainable yield for Oberon Dam to be provided at next meeting.	D Tomlinson	<p>To be provided with minutes (see below).</p> <p>Complete.</p> <p>5/10/10 rule for Oberon town water supply has been modelled as the following setting:</p> <ul style="list-style-type: none"> • Oberon Dam storage drops below 15% less than 5% of time (monthly) • Oberon Dam storage drops below 15% less than 1 in 10 years • Oberon Dam storage drops below 1% less than 1 in 1000 years <p>This 5/10/10 rule is complied under the following assumptions:</p> <ol style="list-style-type: none"> 1) All of the current shares are used by customers with the current restriction rules. 2) Duckmaloi water is used. Water from Duckmaloi Weir is used only when Oberon dam storage drops below 40%. 3) Water quality from Duckmaloi weir is assumed to meet the requirements of both EA and BM.

New actions

Action No.	Action	Responsibility	Status
GS2003.01	WaterNSW to provide information to the Greater Sydney CAG on why routine maintenance (as per OPEX report) is over budget.	B Mayhew	

Contact us

Call us on **1300 662 077**

Visit us at waternsw.com.au

Follow us on Twitter [@WaterNSW](https://twitter.com/WaterNSW)

Provide feedback on "Your Voice" at oursay.org/waternsw



