

TWO-PART UNREGULATED TARIFF

On 12 September 2006 the Independent Pricing and Regulatory Tribunal of NSW (IPART) released its determination on bulk water prices applicable from 1 October 2006 to 30 June 2010. In this determination, IPART allowed for unregulated river users to be charged on the basis of their usage not just their entitlement.

This change means that anyone on an unregulated river with a volumetric entitlement-based licence for irrigation (does not apply to stock and domestic or town water supply), can request to be charged via the **TWO-PART UNREGULATED TARIFF (TPUT)**. There are however conditions for this pricing structure. Firstly, that an approved meter be installed; secondly, that an application to change the billing structure be filled out and submitted to NSW Office of Water (NOW) for authorisation and thirdly, that regular meter readings are supplied to NOW.

Meeting these requirements, the TPUT charging structure changes from solely a fixed charge (\$ per ML x entitlement) to a lower fixed charge (**60% of per ML charge x entitlement**) plus a variable charge (**remaining 40% of per ML charge x usage**). See the chart below for an example of the charges.

FOR EXAMPLE PURPOSES ONLY

Unregulated river licence with an entitlement of 500 ML

	Without a Meter	With a Meter	With a Meter	With a Meter
Fixed Charge	\$5.79 per ML (5.79 x 500)	\$3.47 per ML (3.47 x 500)	\$3.47 per ML (3.47 x 500)	\$3.47 per ML (3.47 x 500)
Variable Charge (zero usage)	n/a	\$2.32 x 0	-	-
Variable Charge (half usage)	n/a	-	\$2.32 x 250	-
Variable Charge (full usage)	n/a	-	-	\$2.32 x 500
TOTAL BILL	\$2,895	\$1,735	\$2,315	\$2,895

* All per ML charges are from NOW web-site (Murrumbidgee – Unregulated River Valley)

Without a meter, regardless of the usage the price paid remains the same (**\$2,895**).

With a meter installed, using **none** of the entitlement, there is a **savings of \$1,160**.

With a meter installed, using **half** of the entitlement, there is a **savings of \$580**.

With a meter installed, using **all** the entitlement, there is **no savings (\$2,895)**.

TPUT EXAMINED

Looking at the Two Part Unregulated Tariff, there are immediate benefits for those who already have a meter installed or are not receiving / utilising their full entitlement. As demonstrated in the above chart, without switching to the TPUT you are paying for your full entitlement every year. If you are not receiving your full entitlement, then you are paying for water you are not receiving. Under the TPUT, you still have the fixed charge, but only pay for the water you are using. The less water you are using / receiving, the more you save.

There are however certain things that need to be considered.

- Cost of an approved meter¹ vs. the savings gained if you are not receiving / utilising your full entitlement (in other words, how long will it take you to pay for the meter via the savings received?)
- Potential Government funding programs for meters which could offset the cost of a meter (no information has been announced, but it is a potential in the future)
Does it make sense to wait for a program like this? (again, depends on your usage, the savings that could be gained and the cost of an approved meter)
- You are receiving / using your full entitlement. In this situation, there is no advantage to installing a meter (aside from the obvious of accurately measuring your water).

UNREGULATED RIVERS

In NSW the definition of an unregulated river is one where the flow regime is not managed. There are no major storages, dams or weirs in place which alter, control or regulate the river.

ALREADY HAVE A METER

If you are an irrigator and already have a meter on your entitlement-based licence, you can request to be charged under the TPUT. You must complete the *election to be billed* form (see link at bottom of this page) and send it to the local NOW office. NOW will most likely need to come out and inspect the equipment.

This process should be undertaken well in advance of the start of the next water year as this is when the billing change will take effect (01 July).

* Note that once changed to the TPUT you cannot switch back to the previous charge structure.

DON'T HAVE A METER BUT WANT ONE

From NOW web-site - *If you are an irrigator and hold a water licence (under either the Water Act 1912 or the Water Management Act 2000) on an unregulated river and believe that you have, or intend to install, a meter which satisfies the Department's requirements you may apply for the TPUT.*

Once a meter is installed, the licensee can then make application to the Department to be charged on the TPUT.

This option only applies to licences held for irrigation and does not apply, for example, to licences held for domestic and stock use or for town water supply.

¹ For the most recent approved meters or standards, please contact your local NOW office.

DON'T WANT A METER

At the present time, unless notified otherwise, you are not required to have a meter in place on an unregulated river system. If you don't want a meter then nothing will change, you will continue to be charged on the basis of your full entitlement volume or area (regardless of usage).

You can decide to apply for a meter and TPUT at any time, however the billing change will only commence at the start of the next water year.

* It is possible that in the future NOW may seek to improve water usage monitoring on unregulated rivers and would then advise licensees of the activation of a condition on their licence that requires a meter to be installed. Proper notification of this change has to be supplied to you and you will be given at least three (3) months to comply with the change.

NOW POLICY (from NOW web-site)

NOW policy is that all licences will eventually be required to have methods in place to record their water usage, and in the future NOW will be detailing action required by licensees to measure usage. IPART's determination allows licensees who already have a meter, apparatus or methodology in place to measure water extraction, to expedite this process.

For more information, please visit:

<http://www.water.nsw.gov.au/Water-management/Fees-and-charges/Two-Part-Tariff/default.aspx>

To download the TPUT APPLICATION:

Click the link above and half way down the page look for “**Applying to be charged the 2-part tariff**”.