

APPENDIX

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DUNGOWAN DAM AND PIPELINE EIS

Customer Bill Impacts



Dungowan Dam and Pipeline project

Customer Bill Impacts

The impact of the new Dungowan Dam and Pipeline project on typical customer bills was assessed as part of the Final Business Case developed for the project in 2021.

In 2022 Water Infrastructure NSW, along with WaterNSW, Tamworth Regional Council and NSW Treasury, formed the Dungowan Dam Asset Ownership and Operations Working Group to consider various asset ownership and operations scenarios for the project.

Part of this group's consideration was the impact each ownership and operational scenario would have on typical customer bills. The work completed for the Final Business Case in 2021 was updated with more detailed operational and maintenance costs from WaterNSW.

Assessment of the various ownership and operational scenarios using these more detailed costs found that customer bill impacts will not differ greatly irrespective of final asset owner, as per Table 1 below.

Table 1 - Ownership and operational scenarios and impact to annual customer bills

#	Scenario	Current (\$m)	Proposed (\$m)	Difference (\$m)	Increase in residential bill (\$)	Increase in non-residential bill (\$)
1	WaterNSW own and operate the new dam	1.20	2.93	(1.73)	53	295
2	TRC own and operate the new dam and pipeline					
3	WaterNSW own and operate the new dam TRC own and operate the new pipeline	1.20	2.85	(1.65)	50	281
4	WaterNSW own and operate the new dam WaterNSW own the pipeline, TRC operate	1.20	2.93	(1.73)	53	295

**NB Option 2 not assessed for impact to customer bills due to earlier exclusion from analysis*

The increase of approximately \$50 per annum to residential customer bills equates to an increase of approximately 4% to total annual customer water and sewerage charges as per Table 2 below.

Table 2 - Percentage increase to residential customer bills

Impact to total residential bill	Current (\$)	Proposed (\$)	Change (\$)	Increase %
Total Water and Sewerage Bill	1,406	1,456	50	4%

A similar percentage increase of approximately 4% per annum, reflecting the new operational and maintenance costs for the new dam and pipeline, would also apply to non-residential customer bills.

Assumptions

The following assumptions were made when assessing the customer bill impact:

- Assets will be transferred for nil consideration and deemed contributed assets, with no commercial return charged to the customer.

- The current customer bill has been estimated based on WaterNSW water prices and the Department of Planning and Environment – Water *Local Water Utilities Database*
- The proposed customer bill has been estimated based on WaterNSW water prices, the *Local Water Utilities Database* and detailed operational and maintenance costs from WaterNSW
- Both TRC and WaterNSW would charge an amount equivalent to the operation and maintenance costs plus overhead. The main difference between TRC or WaterNSW owning an asset is therefore driven by the difference in overhead charged by each entity
- Impact to residential and non-residential customers is based on the following data, sourced from the *Local Water Utilities Database*:
 - There are 23,186 connections in the Tamworth Local Government Area. 21,069 of them are residential; 2,117 are non-residential
 - In the Tamworth Local Government Area 64% of water revenue is generated from residential users; 36% is generated from non-residential users