

Utilities (Annual Licence Fees Determination 2015-16) Variation Notice 2015

Notifiable Instrument NI2015-692

made under the

***Utilities Act 2000*, s 52 (Public notice of licence decisions) (see also s 45 (Determination of fee) and s 53 (Public access to licences etc))**

EXPLANATORY STATEMENT

Section 45(1) of the *Utilities Act 2000* (Utilities Act) gives the Independent Competition and Regulatory Commission (Commission) the power to determine the annual licence fee payable by each utility licensed to provide a utility service in the ACT.

Section 52(1)(i) of the Utilities Act requires the Commission to prepare a notice upon making a determination of a fee under section 45. The notice is a notifiable instrument.

The Commission has varied the Annual Utilities Licence Fees Determination 2015-16 as notified by the Commission on 23 September 2015 (NI2015-563). The variation being made is to the estimated costs for 2015-16 for the Commission for the regulation of Icon Water. The new estimation is \$603,438 (previously estimated at \$133,000).

Subsequent to the Commission making its determination notified in NI2015-563, the Commission examined the statutory basis for recovery of costs relating to the current water and sewerage services tariff review (undertaken under clause 11(b) of the substituted price direction) and regulatory costs relating to the water and sewerage services price reset for 2016-17.

Costs incurred and expected to be incurred in relation to the water tariff review and the water and sewerage services price reset for 2016-17, were initially assessed as falling within section 19(1)(d) of the *Independent Competition and Regulatory Commission Act 1997*. However, following consideration of the timing of these costs, the Commission is of the opinion that these costs fall outside an industry investigation, that is, outside the scope of section 19(1)(d), and are costs that are recoverable under the annual licence fee cost recovery framework set out in Division 3.4 of the Utilities Act.

As such, the regulatory costs relating to the tariff review and price reset (estimated for 2015-16) should have been included in the Commission's estimated costs for the 2015-16 annual licence fee for Icon Water (as set out in NI2015-563).

The net increase in regulatory costs on what was estimated in NI2015-563 is \$470,438 (\$603,438-\$133,000). The \$470,438 estimate being recovered is made up of \$76,438 for the 2016-17 price reset and \$394,000 for the tariff review costs for 2015-16. Icon Water will be provided a supplementary invoice for \$470,438 which will be payable on the same date as the last instalment due for the annual licence fee as notified in NI2015-563.

The licence fees for East Australian Pipeline Limited and TransGrid remain unchanged. All other estimated costs (other than the Commission's costs specifically related to Icon Water as notified) remain unchanged.