



Fact sheet

Sewerage Charges: Trade Waste and Equivalent Tenements

This fact sheet provides an overview of the key issues around TasWater's proposed sewerage charges in relation to trade waste and the application of the equivalent tenements (ET) methodology.

What are trade waste charges and equivalent tenements?

Trade waste means the liquid waste generated by any industry, business, trade or manufacturing process. TasWater's sewerage network and treatment plants are typically designed for domestic waste. TasWater incurs additional costs managing, transporting and treating trade waste through these networks.

An ET is a measure of the load a property places on the sewerage system and is based on the discharge of a standard residential dwelling. This means that if a property is assessed as placing twice as much load on the sewerage system, it will be assessed as two ETs and the target price will be twice the standard sewerage service charge.

Background

For the first regulatory period (2012-15), TasWater and the previous regional water and sewerage corporations categorised trade waste customers based on an assessment of the impact that trade waste discharged by the customer has on the sewerage network.

Category 1 and 2 trade waste customers have their prices set by the Economic Regulator whilst Category 3 and 4 trade waste customers must enter into a contract with TasWater.

Category 1 and 2 customers are those assessed as having low grade or low to medium volumes of trade waste, while Category 3 and 4 customers are considered to be higher risk with respect to their impact on the sewerage network.

As part of the first price determination investigation in 2012, the previous regional water and sewerage corporations proposed, and the Economic Regulator approved, determining sewerage charges based on the number of ETs assessed for each customer.

The ET methodology is used because it is not practical or effective to meter discharges from sewerage connections and, therefore, there isn't any variable pricing component for sewerage charges. A customer's fixed sewerage target price increases proportionally with the number of ETs.

TasWater's proposal

In its proposed price and service plan for the second regulatory period (2015-18), TasWater noted that it intended to categorise, and charge, trade waste customers using an improved technical and commercial risk assessment of trade waste impacts on the wastewater system.

The most significant change sees Category 2 broken into three sub-categories: 2A, 2B and 2C.

TasWater also proposes to continue using an ET methodology during the second regulatory period.

Economic Regulator's proposed decision

The Economic Regulator proposes accepting TasWater's proposal to re-categorise trade waste customers so that the trade waste charge more accurately reflects TasWater's costs of providing a trade waste service to each customer.

The Economic Regulator also proposes accepting TasWater's adoption of the ET methodology given that it is designed to estimate the load each property puts on the sewerage system. The Economic Regulator also notes that TasWater's proposed price and service plan provides an explanation of the basis for determining the applicable ET for different types of customers. The Economic Regulator is, however, concerned about the lack of transparency surrounding the ET methodology itself and intends requiring TasWater to make public more detail on how the ET methodology will be applied.

Next steps

Please see section 6.2.6 of the Economic Regulator's Water and Sewerage Price Investigation Draft Report if you would like more information on trade waste charges or section 5.3.7 of the Draft Report if you would like more information on equivalent tenements. The Draft Report is available at <http://www.economicregulator.tas.gov.au>