

SMEC reviewed the draft ICON Water and Sewerage Capital Contributions - Information Paper and prepared a submission (below) on 17 March 2017. Following on from this submission, correspondence from ICON water has been encouraging and SMEC was advised that the matters raised would be included in the final report to ICRC and accompanying legislation, in order to in-build flexibility for future innovative sewer and waste water solutions.

SMEC has reviewed the documentation and draft Capital Contributions Code prepared by ICON for ICRC which is currently on public exhibition and makes the following submissions:

The ICON water Information paper (Attachment B) makes reference to “Incentivising Decentralised Solutions” (Section 4.11) and acknowledges that the EP framework *“allows for decentralised solutions to be taken into account on a case-by-case basis. Under this framework, Icon Water can to take decentralised solutions into account when determining the final EP value for a development. This solution avoids adding a new measurement basis for this system (and achieves our target of a simple code).”*

We raise concern with the transparency of this “discount” and how it may be applied in real-world scenarios. Whilst we believe that in-building flexibility is important, for such a system to operate fairly we believe there should be further guidance provided as to the discount available. This transparency is particularly important when considering development feasibility, as the up-take of innovative water recycling technology is primarily cost driven.

The ambiguity in the application of this discount measure provides little certainty for the proponent which may discourage the uptake of innovative waste water technologies in the ACT. The above comments in Attachment B do not seem to be reflected in any proposed calculations in the Draft Water and Sewerage Capital Contributions Code (attachment A). We further query how this discount or flexibility in EP rate has been defined in the draft Capital Contributions Guideline. Section 9.1 provides the method for calculating increase to EP and the contribution applicable to brown field development however makes no reference to discounts for innovative solutions.

We request that this section be revised so that the true intent, as stated in the submissions response section referenced above, is clarified. This is important to ensure that the intended flexibility is applied to future developments and provides additional transparency and surety for developers wishing to invest in new technologies.

We also find in Attachment A there is no discussion of other jurisdictions and how they deal with decentralized systems and calculation of related charges if a decentralized system is implemented. Under 4.11 in Attachment B paragraph 2 ICON basically states that even if decentralised systems are approved then ICON will still, as the Utility Authority will still provide capacity in the network for these developments. This negates to benefit of these systems and the advantages of savings to network capacity.

Many decentralized systems have built in redundancy (such as a complete backup of all plant) to ensure failures do not impact on the external network.

We suggest ICON undertake further investigation of other jurisdictions and their policies/calculations with relation to decentralised systems prior to adoption the code. Decentralised systems on a precinct scale may have a major impact on future network capacity and upgrade requirements.

Regards

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