

Kooragang Water Pty Ltd

ACN 609 789 808

KWPL-IMS-DOC-002
Retail Supply Management Plan

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1. Introduction

Kooragang Water Pty Ltd ('KWPL') holds Retail Supplier's Licence number 122_047R issued under the *Water Industry Competition Act 2006* (NSW) ('WICA') under which it supplies high quality recycled water from the Kooragang Industrial Water Scheme ('KIWS'). This document, KWPL's Retail Supply Management Plan ('Retail Plan'), has been developed to satisfy the requirements of the *Water Industry Competition (General) Regulation 2008* (NSW).

The Retail Plan provides:

- an overview of the KIWS including the contractual structure under which it operates;
- a summary of the contractual arrangements that KWPL has entered into with Hunter Water Corporation ('Hunter Water') and Customers for the supply of recycled water and potable water, and in particular the supply priority and the provisions for interruption of those arrangements;
- a summary of the events that could cause a supply interruption, the likelihood, and how KWPL will manage such events; and
- a description of the arrangements that KWPL has in place to manage compliance with specified codes.

1.1 KIWS Overview

KWPL is the Retail Supplier of the KIWS. KIWS involves:

- extracting secondary treated effluent from Hunter Water's discharge pipeline between the Shortland Wastewater Treatment Plant and the Hunter River;
- treating the effluent to produce high quality recycled at the Mayfield Advanced Water Treatment Plant ('Plant'); and
- transporting recycled water from the Plant, through a distribution network ('Network') to customers on Kooragang Island ('Customers').

The scope of the KIWS is shown in **Annexure A**.

The KIWS is underpinned by a 30-year Supply Agreement between KWPL and Hunter Water which enables KWPL to extract a no less than 12.6ML/day of treated effluent from Hunter Water's discharge pipeline.

KWPL owns the Plant and has entered into an Operation and Maintenance Agreement with Suez Water Pty Ltd ('SUEZ') who is responsible for maintaining and operating the Plant and Network.

KWPL also holds a Network Operator Licences under WICA.

The contractual structure of the KIWS is depicted in **Annexure B**.

KWPL is a member of the coNEXA group of companies ('coNEXA') and through its various subsidiaries, coNEXA provides the resources, skills and expertise required for KWPL to deliver the KIWS.

2. Recycled Water Supply Arrangements

KWPL supplies its customers in accordance with recycled water supply agreements (**'Supply Agreements'**) between KWPL and the Customers.

Under the terms of all Supply Agreements, recycled water supply is on an interruptible basis. This is a core requirement due to the delivery of recycled water being subject to factors outside the control of KWPL.

All recycled water supply under the Supply Agreements will be in accordance with the specification detailed within the Supply Agreement.

KWPL will interrupt recycled water supply if any of the following circumstances occur:

- Recycled water does not meet the specification;
- The customer has breached a condition of the Supply Agreement such that further supply of recycled water presents a risk to human health, the environment or KIWS facilities;
- An emergency or force majeure event;
- Recycled water is unable to be delivered (this can result from problems in effluent supply, operation of the plant or operation of the Network); or
- Any material change in circumstance such that supply of recycled water presents a risk to human health, the environment, operation of KIWS facilities or would result in a breach by KWPL of any law or approval.

If supply is interrupted, customer obligations to pay for recycled water are suspended.

KWPL is responsible for meter reading and billing in respect of Customers.

3. Probability of Supply Interruptions

3.1 Interruption Due to Demand Exceeding Availability

The KIWS has been designed with sufficient capacity to meet contracted Customer demand. Additionally, risks associated with the Shortland WWTW have been assessed and a HACCP plan created in order to manage supply risk to the Customer.

3.2 Risk Assessment

A HACCP Plan was originally drafted following a risk assessment workshop held on 10 August 2012. The workshop at the time was aimed at determining the potential hazards and preventative measures in place for the KIWS – when the scheme was owned and operated by Hunter Water. From the workshop the original HACCP Plan and Report was produced.

The HACCP Plan has since been updated by SUEZ several times between 2016 and 2022, inclusive of a risk review regarding the transfer of the RWQMP from Suez to coNEXA.

The methodology used for Hazard Assessment and Risk Management was in accordance with AS4360, the Australian Standard for risk management.

Output from the workshops included a detailed risk assessment and confirmation of the KIWS critical and quality control points.

3.3 Interruption Due to Incidents or Operational Problems

Design of the KIWS includes a level of redundancy to ensure that the Network and Plant can operate reliably and loss of supply due to operating problems will be rare. The following design principles have been incorporated into the KIWS:

- The raw water storage tank provides a 700kL (~1 hour) buffer for raw water supply from the Shortland WWTW.
- The Plant has full redundancy in the major process trains (i.e. pumps, ion exchange, Micro Filtration Units and Reverse Osmosis Units); and
- The Plant includes a 4.7ML of storage for Treated Recycled Water to smooth out supply fluctuations.

The Scheme is monitored on a 24-hour basis 7 days per week with early warning alarms and equipment condition tested through monitoring of key parameters.

Early warning alarms allow the operators to identify and follow any short-term trend and take appropriate corrective action to rectify any recycled water quality or supply issues and avoid interruption to supply.

Maintenance regimes have been put in place by SUEZ to ensure that the KIWS operates continually and reliably. Planned maintenance that necessitates a partial or full shutdown of equipment will be scheduled in periods of low demand so that supply can be maintained wherever possible.

To the extent that there are interruptions due to operating problems, these issues will be temporary and corrected by SUEZ as specified in the Infrastructure Operating Plan.

In the event that the Network or Plant is damaged by any party or a Force Majeure event, then supply may need to be interrupted while the damage is repaired. Reasonable precautions have been taken to prevent such occurrences such as condition monitoring, network surveillance and site security.

3.4 Interruption Due to Insufficient Effluent Supply

In the event that Hunter Water is unable to provide sufficient effluent to maintain full plant operation or the quality of the effluent falls outside agreed parameters, a default event will be triggered under the Supply Agreement and Hunter Water will provide back-up potable water as an alternative.

3.5 Interruption Due to Recycled Water Quality

The Plant has been designed such that it can operate reliably and consistently supply recycled water to the required Specification so that interruption due to quality issues will be rare. In the event that there is an off-specification event, production and/or deliveries will be shut down rather than supply off-specification recycled water to KWPL customers. To the extent that there are interruptions due to quality problems, these issues will be temporary and corrected by SUEZ as specified in the CONEXA Document ***KIWS-IMS-DOC-003 KIWS Recycled Water Quality Management Plan***.

Recycled water quality is monitored continuously at various points throughout the KIWS. Recycled water from the Plant that does not meet the Specification will not be permitted to enter the Network.

3.6 KWPL Financial Viability

The KIWS is supported by a 30 year Project Agreement with Hunter Water under which KWPL will receive an ongoing revenue stream from sale of recycled water to Customers.

The revenue stream provides for:

- Purchase of treated water from KWPL under the Supply Agreements;
- Operating costs of KWPL and the recycled water distribution network; and
- A return on invested capital.

Project expansion will occur when sufficient market is secured to justify the incremental capital and operating costs of the expansion.

The financial structure of the KIWS is such that the risk of financial failure for KWPL is low. If financial failure were to occur, customers could revert to their potable water back-up supplies or the Minister could appoint a Retailer of Last Resort as provided for in the WICA.

4. **Alternative Supplies of Water**

In the event that recycled water supply is interrupted, customers will not be left without sufficient water. If the KIWS is producing insufficient recycled water to meet demand, supplies of potable water (in the form of back-up potable water purchased from Hunter Water) is available to maintain water supply to Orica and NCIG.

KWPL's sole source of income is from the delivery and sale of recycled water. KWPL therefore has a strong incentive to maintain supply of recycled water and minimise the use of potable water.

5. **Compliance**

coNEXA manages risk and compliance through an integrated management system ('IMS'). coNEXA's IMS is a centralised system which combines the elements of a quality management system, work health and safety management system and an environmental management system. coNEXA's IMS is third party certified to the requirements of:

- AS/NZS ISO 9001, Quality Management Systems;
- AS/NZS ISO 45001, Occupational Health and Safety Management Systems; and
- AS/NZS ISO 14001, Environmental Management Systems.

As a member of coNEXA, the policies, procedures and controls of the IMS apply to KWPL.

The values, principles, standards and norms of behaviour of coNEXA are detailed and communicated to employees, contractors and business partners in a variety of ways. At the most fundamental level, coNEXA expects its employees, contractors and business partners to act with honesty and integrity, be ethical and act in a caring and respectful way towards each other, our customers, the community, and the environment.

The Board of coNEXA has approved two key policies relating to coNEXA's values and principles which relate to sustainability, workplace safety, quality of products and the protection of the environment. These are the CONEXA Documents, ***CIP-IMS-DOC-003 Sustainability Policy*** and ***CIP-IMS-DOC-001 Quality, Health, Safety and Environment Policy***.

The Risk & Compliance Committee ('RCC') of coNEXA has been established by the coNEXA Board to provide an objective review of the effectiveness of coNEXA's financial reporting and risk management framework. The principal role of the RCC is to assist the Board in fulfilling its corporate governance and oversight such as:

- health and safety;
- financial reporting;

- financial condition;
- internal controls;
- internal and external audit;
- risk management compliance;
- insurance and;
- sustainability.

5.1 Code of Practice for Customer Complaints

Due to the nature of the KIWS, the code of practice for customer complaints does not apply to the scheme.

5.2 Code of Conduct for Debt Recovery

Due to the nature of the KIWS, a code of conduct for debt recovery is not required for the scheme.

5.3 Marketing Code of Conduct

The Marketing Code of Conduct published by the NSW Government specifies how marketers must conduct themselves when they deal with small retail customers. A person is a small retail customer in relation to water supply if the maximum rate at which water is supplied, pursuant to one or more water supply contracts, to all premises that the person owns, leases or occupies is less than 15 megalitres per year.

KIWS water is highly treated and can cause accelerated corrosion in materials normally used for water reticulation such as cast iron, copper and concrete. Special materials must be used to handle the water, or it must be treated further if standard materials are used. In either case, the cost and inconvenience of these options is likely to make KIWS water unattractive for individual small customers. KWPL has no plans to market directly to residential customers and presently only supplies water to large industrial customers.

KWPL will abide by the NSW Government Marketing Code of Conduct in communication with small customers if and when KWPL enters into a supply relationship with a small retail customer.

5.4 Transfer Code of Conduct

The NSW Government Transfer Code of Conduct describes the arrangements that apply when a customer of any size is transferred from one licensed retailer supplier to another or to a public water utility, or from a public water utility to a licensed retail supplier. The Code imposes obligations on both the incoming and outgoing retailer, and the network operator.

At present KWPL is the only retailer that will be supplying water from the KIWS, and that situation is unlikely to change in the foreseeable future.

6. Implementation and Review

KWPL will:

- ensure that this Plan is fully implemented and regularly reviewed according to the guidelines below;
- supply recycled water in accordance with the terms of the Supply Agreements; and
- provide routine and event-based communications in accordance with the agreed operational protocols.

This Plan will be reviewed on direction of the Minister or if any of the following circumstances occur:

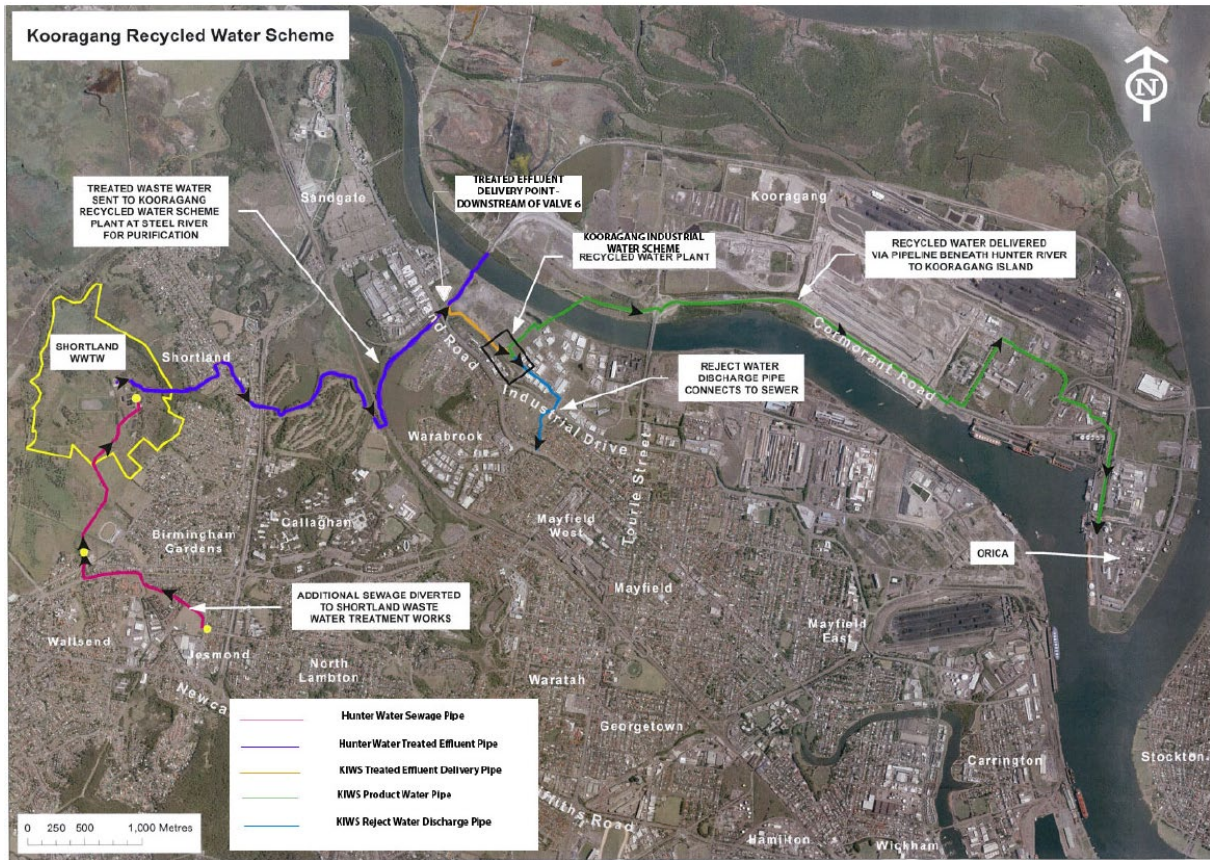
- KWPL enters into arrangements to supply Small Retail Customers;
- There is a change to the terms of the Supply Agreements that represents a material change to this Plan; or
- A change is required as the result of a change in law.

The Codes of Practice for customer complaints or debt recovery will be reviewed if:

- There is a change to the WICA regulations or other law that has a material effect on the codes;
- There is a material change to the terms of the Supply Agreements; or
- There is a material change to KWPL processes.

If the Plan or Codes of Practice are updated as a result of the above processes, an updated copy will be provided to IPART and when agreed, posted on the KWPL website with copies provided to the ombudsman and the Minister.

Annexure A – Overview of the KIWS



Annexure B – KIWS Contractual Framework

