

# Carryover rules

1. Carryover rules
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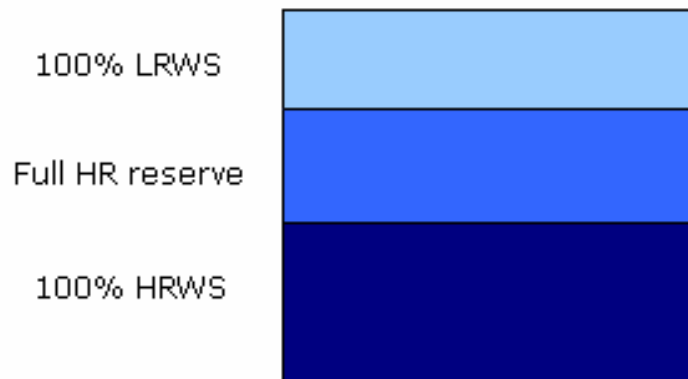
# Carryover rules

- Carryover allows entitlement holders to retain unused water in an Allocation Bank Account (ABA) at the end of the season.
- Provides flexibility to manage water availability between seasons
  - Particularly important in dry years
- Right to carry over provided by entitlement linked to ABA:
  - Water share
  - Supply by agreement
  - Limited Term Transfer (unless expires before 1 July)
- Rules based on access to storage provide by entitlements

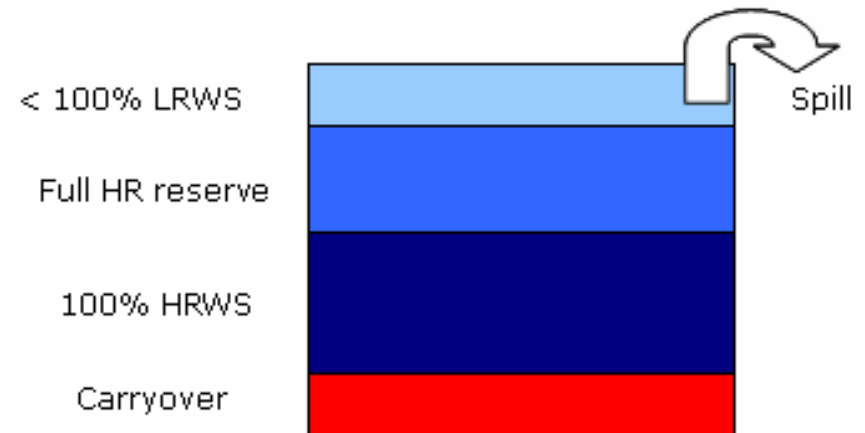
# Carryover rules

- Storages at capacity are fully committed to supplying existing rights.

**Storage at capacity**



**Storage over capacity**



## Two types of carryover rules

- 100 % rule – limits individuals to using their own storage space.
- Spillable water accounts – allows casual access to spare capacity, while dams are not spilling

# Broken, Loddon & Bullarook 100% rule

- Carryover of unused allocation limited to maximum of 50% of volume of water shares linked to ABA.
- Carryover recorded firstly against HRWS (up to 50%) and then LRWS.
- 5% deduction for evaporation.
- Carryover + seasonal allocations against each water share limited to 100% of entitlement volume.
  - Important to understand carryover recorded against water share

# Broken, Loddon & Bullarook - example

## An example

- 40 ML of unused allocation in an ABA linked only to a 100 ML HRWS.
- All 40 ML carried over against the water share, then 5% deduction for evaporation.
- 38 ML carryover recorded against HRWS.

Date	Carryover	Allocation	<b>ABA</b>
1 July	38 ML	0%	<b>38 ML</b>

## Broken, Loddon & Bullarook - example

- 38 ML carryover recorded against HRWS.
- Allocations up to 62% available in ABA.

Date	Carryover	Allocation	<b>ABA</b>
1 July	38 ML	0%	<b>38 ML</b>
15 July	38 ML	60%	<b>98 ML</b>

## Broken, Loddon & Bullarook - example

- 38 ML carryover recorded against HRWS.
- Once seasonal allocations reach 62%, no further allocations will be available against this water share

Date	Carryover	Allocation	<b>ABA</b>
1 July	38 ML	0%	<b>38 ML</b>
15 July	38 ML	60%	<b>98 ML</b>
1 August	38 ML	100%	<b>100 ML</b>

## Broken, Loddon & Bullarook - example

- 38 ML carryover recorded against HRWS.
- Once seasonal allocations reach 62%, no further allocations will be available against this water share

Date	Carryover	Allocation	<b>ABA</b>
1 July	38 ML	0%	<b>38 ML</b>
15 July	38 ML	60%	<b>98 ML</b>
1 August	38 ML	100%	<b>100 ML</b>

- The point at which the entitlement stops receiving further allocation does **not change if you sell or use allocation**, or sell entitlement during the season.

# Murray, Goulburn & Campaspe Spillable water accounts

## Spillable water accounts

- Builds on existing rules
- Entitlement holders can carry over **any unused water** they have at the end of the season.
  - Recorded against LRWS first, then HRWS
- (Carryover + seasonal allocations) up to 100% of entitlement volume available in ABA.
- Further allocations quarantined in spillable account (rather than forfeited), **up until a low risk of spill declaration is made.**
- After a declaration is made, any further allocations go straight into available balance of ABA.

# Murray, Goulburn & Campaspe - example

## An example

- 40 ML of unused allocation in an ABA linked only to a 100 ML HRWS.
- After 5% deduction for evaporation, 38 ML carryover recorded against HRWS.

Date	Carryover	Allocation	<b>ABA</b>	<b>Spillable</b>
1 July	38 ML	0%	<b>38 ML</b>	<b>0 ML</b>

## Murray, Goulburn & Campaspe - example

- 38 ML carryover recorded against HRWS.
- Allocations up to 62% available in ABA

Date	Carryover	Allocation	<b>ABA</b>	<b>Spillable</b>
1 July	38 ML	0%	<b>38 ML</b>	<b>0 ML</b>
15 July	38 ML	60%	<b>98 ML</b>	<b>0 ML</b>

## Murray, Goulburn & Campaspe - example

- Further allocation increases above 62% before a declaration will go into the spillable account.

Date	Carryover	Allocation	<b>ABA</b>	<b>Spillable</b>
1 July	38 ML	0%	<b>38 ML</b>	<b>0 ML</b>
15 July	38 ML	60%	<b>98 ML</b>	<b>0 ML</b>
1 August	38 ML	90%	<b>100 ML</b>	<b>28 ML</b>

- Spillable account is an automatic feature of customers' existing ABAs.

## Murray, Goulburn & Campaspe - example

- If storages do not spill, water in spillable account returned to ABA once declaration made

Date	Carryover	Allocation	<b>ABA</b>	<b>Spillable</b>
1 July	38 ML	0%	<b>38 ML</b>	<b>0 ML</b>
15 July	38 ML	60%	<b>98 ML</b>	<b>0 ML</b>
1 August	38 ML	90%	<b>100 ML</b>	<b>28 ML</b>
15 August <b>Declaration</b>	38 ML	90%	<b>128 ML</b>	<b>0 ML</b>

- After a low risk of spill declaration is made, all future allocations go directly to available balance

# Murray, Goulburn & Campaspe

## Water in spillable accounts

- Water above 100% withheld in spillable account:
  - Only lost if storages spill.
  - Cannot be used or traded until after a declaration is made.
  - Returned to available balance of ABA once a declaration is announced.
- Charges apply for each ML returned from spillable accounts
  - No charge for any water lost if storages spill.

# Murray, Goulburn & Campaspe

## Spillable account charges

- To ensure that customers who store more water than the entitlement volume they pay for contribute their fair share of storage costs.
- Proposed charges for 2011/12:

2011/12	Goulburn	Murray	Campaspe
\$/ML transferred from SWA into ABA	\$3.54	\$4.56	\$17.16

- Payable by **holder of water entitlement at time charge is raised.**
  - 2010/11 charges to be raised in June.

# Carryover and water shares

1. The right to carry over unused allocation is provided by the water shares linked to an ABA.
2. Water carried over is recorded against the water share – this is displayed on the Copy of Record (in the Current Year Allocation section).
- 3. This carryover creates an encumbrance on the water share for the duration of the new season – even if the water share is transferred.**
4. Buyers need to be aware of the significance of this encumbrance

# Carryover encumbrances on water shares

## COPY OF RECORD IN THE VICTORIAN WATER REGISTER

### WATER SHARE

Water Act 1989

*The information in this copy of record is as recorded at the time of printing. Current information should be obtained by a search of the register. The State of Victoria does not warrant the accuracy or completeness of this information and accepts no responsibility for any subsequent release, publication or reproduction of this information.*

#### Water Share Description

Status	Active
Volume	100.0 megalitres
Water authority	Goulburn-Murray Water
Water system source	Goulburn
Water system type	Regulated
Reliability class	High
Trading zone source	1A Greater Goulburn
Trading zone use	1A Greater Goulburn
Delivery system	Central Goulburn Irr. Area
Tenure	Ongoing
Tradability	Tradable
Carryover allowed	Yes

#### Current Year Allocation

Carryover at 1 July:	0.000 ML
<del>Advance allocation since 1 July:</del>	<del>0.000 ML</del>
Seasonal allocation since 1 July:	0.000 ML
Total allocation to date:	0.000ML
Possible future allocation to 30 June:	100.000 ML

#### Water Share Owner(s)

Sole Owner 1 of 1 JOHN CITIZEN  
WEI000000 Lodged on : 01 Jul 2007 Recorded on : 01 Jul 2007

# Carryover encumbrances on water shares

## **Loddon, Broken and Bullarook systems**

- The carryover encumbrance on a water share limits the maximum possible allocation against that water share in the current season.
- Carryover + allocation is limited to 100% of water share volume.
- Buyer should be aware of limitations on possible future allocation due to encumbrance. This is shown on Copy of Record.
- No additional storage charges for carryover as cannot receive more than entitlement volume.

# Carryover encumbrances on water shares

## **Murray, Goulburn and Campaspe systems**

- Encumbrance does not limit the maximum possible allocation against that water share in the current season.
- Instead it determines the point at which future allocations will go into spillable account – **up until a low risk of spill declaration is made.**
- Once a low risk of spill declaration is made, all future allocations go directly to available balance. i.e encumbrance no longer affects allocations.

# Carryover encumbrances on water shares

## **Murray, Goulburn and Campaspe systems**

1. What does this mean for buyers?
2. Need to be aware of:
  - Carryover and allocations recorded against water share (Copy of Record)
  - Whether a low risk of spill declaration has been made (Allocation announcements, website)
3. These two factors will affect:
  - Whether further allocations go into spillable account
  - Spillable charges against water share



## Low risk of spill declaration

- Prior to and across the season, the Resource Manager will assess:
  - Current volumes in store
  - Expected inflows from now on
  - Expected releases
- Declaration can be made only when likelihood of spill for remainder of season is determined to be less than 10%.
- Advised with seasonal allocation announcements.



# Spills

- For the purposes of spillable accounts, spills based on:
  - Goulburn system – Lake Eildon
  - Campaspe system – G-MW share of Lake Eppalock
  - Murray system – Victoria's share of Dartmouth\*
- Pre-releases count as spill

## More information

- [www.waterregister.vic.gov.au](http://www.waterregister.vic.gov.au)
- Calculators on [www.g-mwater.com.au](http://www.g-mwater.com.au)
- G-MW carryover brochure

