

irrigation news

Chair's Message



It's been a hectic three months since the appointment of the interim Customer Reference Group. We have been wrestling with many issues which will affect the future of our irrigation businesses. Amongst these issues was primarily, investigating the reason behind the large increase in required revenue, affecting our future water prices.

We have also worked with G-MW to provide opportunities for customers to learn more about the changes to carryover, spillable water accounts and the reserve policy and the opportunities they will create for our businesses. There have been two rounds of local meetings – a total of 12 meetings attracting more than 250 customers. Across the region more than 1000 customers attended G-MW's latest meetings which is a terrific response and a valuable

investment in understanding our opportunities for the coming seasons.

I am also pleased to advise that the new carryover rules will see your carryover recorded against our low and then your high reliability water shares linked to your ABA. This was raised at our earlier meetings and will maximise allocations against our high reliability water shares next year.

If irrigators have missed the last round of customer meetings, please call the Pyramid Hill office and talk to staff there to organise a channel bank meeting for you and your neighbours.

Our group is also aware of some angst about community representation on the interim Customer Reference Group. We are committed in representing irrigators and moving forward with customer consultation arrangements in our Area that build on our



Neil Beattie
Chair, Pyramid-Boort Customer Reference Group

Committee's experience to date and reflects G-MW's Water Services Committee model.

Whilst irrigation winds down over coming weeks, there will be a flurry of activity in the Boort area as winter works and maintenance programs get underway. We urge you to contact G-MW staff or a Customer Reference Group member if you have any concerns. Let's look forward to some decent inflows over the winter months so we can have an early start to the season!

Loddon OPERATIONS

Manager's Message

This is the first newsletter from the Loddon Operational Area. This signals more than a name change – the new structure brings together the full range of services across our region. Our local team are your entry point into G-MW for all surface and groundwater services as well as any other matters relevant to customers in the region.

Shortly we will undertake our annual customer satisfaction survey

and we are keen to hear your feedback on G-MW's operations and services. The survey team will contact at least 500 customers from across G-MW's entire service region to conduct a phone survey that will take around 10 minutes. Your feedback will help us improve our service delivery and operations in the local area. If you have any questions about this process please contact your local G-MW team.



Sandy Schroen

irrigation news

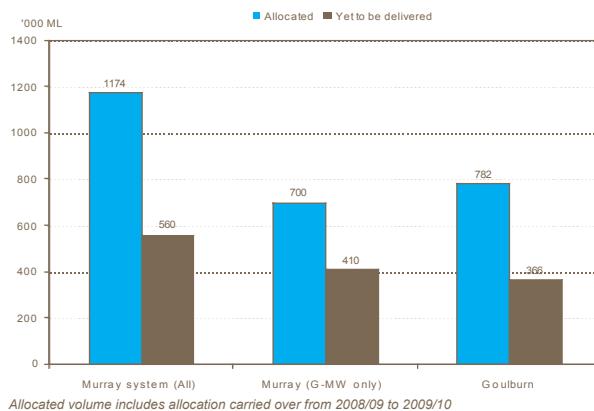
Market update

Dam levels do not give the full picture of how much water is available for delivery, carryover or trade. To keep you informed, G-MW publishes the volume of water allocated to entitlement holders and the amount of water that is available for delivery with each allocation announcement.

At 28 April there is 366,000 ML of water in Goulburn system customers' Allocation Bank Accounts (ABA) that is available for delivery, trade or carryover. On the Murray there is 560,000 ML yet to be delivered with 410,000 ML of this held by G-MW Murray system customers.

'Volume allocated but yet to be delivered'

Allocation available for use, trade and carryover at 28 April 2010



G-MW Pricing & Tariff Review

Following discussions with the Essential Services Commission (ESC), G-MW will embark on a comprehensive review of how we recover costs from customers in our irrigation areas. G-MW's pricing review won't impact on prices for the coming season, but it gives us scope to look beyond the current 3 to 5 year regulatory planning horizons. It's a logical, timely and certainly welcome opportunity for G-MW to talk with stakeholders and customers about the best way to recover costs and provide relevant pricing signals over the next decade – during the transition to and once we achieve a modernised irrigation network. Our future cost recovery also needs to respond to reduced water availability expected under the forthcoming Murray Darling Basin Plan.



G-MW launches pricing simulator

To assist you in budgeting for the year ahead we have developed a 2010/11 pricing simulator. At this stage the simulator only includes storage and delivery prices but will be expanded to reflect the full range of G-MW services including drainage. Importantly, the simulator provides an indication only – G-MW's 2010/11 prices are not locked in until the ESC approves tariffs in June 2010. The simulator is available at www.g-mwater.com.au.

Improved reserve policy for Goulburn and Murray regulated systems

Why do we need a new reserve policy?

So you can plan with certainty. Modelling in the NRSWS for the Goulburn System shows that with the new reserve policy in place **on 15 August every year**, there will be

- Starting allocations
- System can operate to deliver allocation and carryover

How will it work?

Under the current reserve policy, water is reserved for system operations in the next season after 1 April or once the allocation reaches 100% of high-reliability water shares, whichever happens first. With allocations failing to reach 100% in recent years, the dry autumn and winter conditions have not provided sufficient inflows to meet all the operating requirements by 15 August.

Under the new policy, G-MW will begin building reserves for the following season once allocations reach 30% of high-reliability water shares by assigning inflows equally to the reserve and to increasing current season allocations. Once allocations reach 50% of high-reliability water shares, all further inflows until 1 April are directed to building current season allocations.

Reserve Policy Starting Dates

The new reserve policy will come into effect on the Goulburn system in the 2010/11 season with the benefits realised in 2011/12.

Existing reserve policies remain in place for the Broken, Bullarook, Campaspe and Loddon systems.

Improvements to carryover rules for Goulburn, Campaspe and Murray Regulated systems

Why do we need carryover?

Carryover allows you to carryover your allocations and water purchases from one season for use in the next season. It allows you to manage risks for your business and plan with certainty – you know you will have water for use or trade at the start of the next season (*Trading rules and/or system operations permitting*).

How has carryover improved this year?

1. All water in your Allocation Bank Account (ABA) linked to water shares on 30 June will automatically carryover
2. You can choose to start the season with the equivalent of a 100% allocation on your high and low reliability water shares – to trade or use (*Trading rules and/or system operations permitting*).
3. If your ABA is linked to low and high reliability water shares, your carryover is recorded against your low then high reliability shares
4. There are some new concepts
 - a. **Spillable Water Account (SWA)** – If you carryover allocation equivalent to more than 100% of your high and low reliability water shares, the extra water is quarantined in a SWA until the declaration is made or the storage spills. If the storages fill completely, water in SWAs will be the first water to spill – this protects the existing entitlements.
 - b. **Declaration** – A declaration is made by the Water Resource Manager (G-MW) when there is a low risk of the spill happening.

When can I access my carryover?

From the start of next season you can access water in your ABA equivalent to 100% of the high and low reliability shares linked to your ABA. If you carryover more than this, the water above 100% is quarantined in an SWA and is not be available for trade or use until the Water Resource Manager (G-MW) makes the declaration. Once a declaration is made your SWA balance will be available in your ABA for trade or use. (*Trading rules and/or system operations permitting*).

When will G-MW make the declaration?

Seasonal conditions will determine when G-MW can make the declaration. In dry years the declaration could be made as early as 1 July, in wet years it may take until the end of the peak inflow period in November.

What happens to my carryover when the storage physically spills?

There is no impact on the water in your ABA. On the Goulburn system, if Eildon spills then everyone ‘loses’ the same proportion from their SWA and any remaining water will be made available in your ABA.

Can I trade or use water in my SWA?

No – water in your SWA cannot be used or traded until it becomes available in your ABA after the declaration or spill.

If I buy water at the start of next season will this impact on my carryover?

No – the carryover rules only apply to the allocation in your ABA as at 30 June and allocation you receive in the 2010/11 season.

Will there be a fee for SWA?

Yes, a fee will apply to each ML transferred from your SWA back into your ABA. G-MW has proposed a fee to the Essential Services Commission of \$2.87 per ML transferred from SWA into ABA for Goulburn System customers

Why is G-MW charging a fee?

Water share owners pay a storage fee based on the volume of their water share. The Spillable Water Account enables a water share owner to store allocation greater than the volume of their water share. A small fee on the Spillable Water Account will ensure everyone making use of the dams to store their carryover makes an appropriate contribution to the costs of the storage, including interstate customers and the environment. G-MW will offset the revenue from SWAs by reducing future storage fees and this will benefit all those who contribute to the costs of storages.

Your 2010/11 Carryover Checklist

You don't need to apply for carryover but you should consider the following.

- Ensure the water you want to carryover is in an ABA linked to a water share, limited term transfer of a water share or supply by agreement. If not, you will need to submit an application to transfer the allocation before 18 June 2010.
- Since carryover for Goulburn, Campaspe and Murray regulated system customers will record against low then high you should check the water shares you have attached to your ABA(s).
- We will see the benefits of the new system reserve policy in the Goulburn System from 2011/12 and the Murray system from 2012/13. Until then system start up will depend on seasonal conditions.
- We encourage you to seek professional advice on your water plans from an experienced broker or adviser.

Carryover for other systems

Existing rules still apply for **Loddon and Bullarook systems**. Visit our website or call your local office for a copy of our carryover factsheet.

