

6 July 2018

Snowy Water Licence Review  
Intergovernmental and Strategic Stakeholder Relations  
Department of Primary Industries - Lands & Water  
Locked Bag 5123  
Parramatta NSW 2124

**By email:** [snowylicence.review@dpi.nsw.gov.au](mailto:snowylicence.review@dpi.nsw.gov.au)

Dear Sirs,

**Submission: Draft Report of the Ten year review of the Snowy Water Licence**

Snowy Hydro Limited is the Licensee for the Snowy Water Licence and is delighted to provide this submission on the draft report of the Ten year review of the Snowy Water Licence.

Should you have any queries, please do not hesitate to contact me.

Yours sincerely,



**Andrew Nolan**  
**General Manager Water and Environment**

## **Snowy Hydro: Submission in response to the Draft Report of the Ten year review of the Snowy Water Licence**

Snowy Hydro Limited (Snowy Hydro) supports, in-principle, all of the proposed recommendations contained in the draft report. We believe that the draft report accurately describes, and generally seeks to reach an appropriate balance between, the interests of the various stakeholders' in the Snowy Water Licence.

We believe no stakeholder has a greater interest in an effective Snowy Water Licence than does Snowy Hydro itself. In the 16 years since it commenced, the company has displayed an exemplary record of compliance with both the spirit and the letter of the licence.


Releases from the Snowy Scheme are Snowy Hydro's lifeblood. The licence gives us the framework and the certainty we need to be able to conduct our operations effectively. We, in turn, devote significant resources, funded by our commercial activities, in order to ensure that our operations represent best practice in meeting our obligations under the licence.

### **Proposals 1, 3, 4 & 20**

Snowy Hydro supports proposals to increase access to publicly available information concerning the Snowy Water Licence. Such proposals build on measures incorporated into the Snowy Water Licence in the 2010 review, and complement Snowy Hydro's independent efforts to increase public awareness and understanding of its activities. As the draft report acknowledges, there is a need to preserve commercially sensitive information whose release could prejudice the ability of Snowy Hydro to effectively conduct its operations in the electricity market. Nevertheless, with this provision we are confident that appropriate reporting requirements can be agreed.

Similarly, Snowy Hydro supports proposals to improve collaboration and consultation with relevant stakeholders. Snowy Hydro has, for a number of years, maintained an ongoing dialogue with government agencies as well as private operators, such as irrigation companies. Formalising such consultation will improve certainty for all parties, provided the requirements are flexible and not unnecessarily prescriptive.

Snowy Hydro has observed a number of inaccurate or misinformed statements in the submissions made to the licence review. In addition to working on the specific recommendations made in the draft report, Snowy Hydro will also work with the NSW Government on ways to clarify these issues, with the intent of improving the understanding of Snowy Hydro's operations in the wider community.



## **Proposals 2, 5, 6, 9, 10, 16**

As the draft report acknowledges, there are a number of provisions of the Snowy Water Licence which are no longer relevant. In addition, the licence does not incorporate operational requirements agreed between Snowy Hydro and the Water Consultation and Liaison Committee and the NSW government. It is appropriate to both remove redundant provisions, as well as to formalise agreed arrangements not currently incorporated with the licence. This will improve transparency and certainty for all stakeholders.


## **Proposals 7, 8, 11, 12, 13 -15 & 17 - 19**

The draft report considers a number of recommendations involving changes to releases under the Snowy Water Licence, as well as to the water accounting associated with such releases. These include a review of the trigger for accessing River Murray Increase Flows, calculations of the Dry Inflow Sequence Volume and a review of the flexibility and pre-release provisions. Snowy Hydro is generally supportive of the objectives of such proposals.

There is, of course, a limited amount of water held within the Scheme, which is in turn limited by natural inflows. Accordingly, proposals to change release patterns usually involve a trade-off in relation to the benefits of those releases, either intertemporally, or between various stakeholders. Snowy Hydro, as one such stakeholder, believes that the licence has, to date, been effective at balancing these interests. This has enabled the company to provide critical risk management services in the National Electricity Market (**NEM**). Indeed, the Snowy Water Licence reflects the dual purpose that underpinned the creation of the Snowy Scheme: as a means of storing and diverting water for downstream irrigation and environmental uses, while also providing Snowy Hydro with the timing flexibility it needs as a peak electricity generator in the NEM.

Understandably, submissions to the review focused on Snowy Hydro's role in storing and diverting releases, rather than on considering the effects of imposing significant restraints on its commercial operations (as many submissions, in effect, recommended). The Department of Industry should be cognisant of all of the impacts of these proposals, in light of both the above-mentioned duality of purpose of the Snowy Scheme, and the need for Snowy Hydro to self-fund its water storage, diversion and release functions under the licence.

This is not to suggest that efforts should not be made to optimise releases under the Snowy Water Licence (as we recognised in our submission to the licence review, we believe there are improvement opportunities). It is simply to make the point that there are rarely any free lunches. The Department of Industry should therefore exercise caution when considering changes which purport to 'solve' the needs of an interest group through variations to the Snowy Water Licence.





Similarly, the Snowy Water Licence exists within a complex regulatory environment. Its provisions interact with a number of other statutory instruments and agreements. Proposed variations to the licence need to recognise this legal framework. Snowy Hydro looks forward to working with the Department of Industry and other stakeholders on the draft report's proposed work plan to address these issues.

### **Proposals 21-22**

Snowy Hydro supports the proposal for an expert review of the company's performance. Snowy Hydro is already required to maintain an ISO-accredited quality system in order to comply with its obligations under the Snowy Water Licence. Such a measure, appropriately calibrated, should further support public confidence in the licence and Snowy Hydro.

Similarly, Snowy Hydro supports the proposal to re-establish the Snowy Water Advisory Government Officials Committee. The charter for this committee should, we believe, reflect the dual purpose underpinning the Snowy Water Licence as well as its historical context.

