

Department of Primary Industries  
Inter-governmental and Strategic Stakeholder Relations  
Snowy Water Licence Review

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Tuesday 5 September 2017

## **Submission to the 10 year review of the Snowy Water Licence**

Dear Sir

### **Introduction**

Coleambally Irrigation Cooperative Limited (CICL) welcomes the opportunity to make a submission to the 10 year mandatory review of the Snowy Water Licence (the Licence).

CICL is an irrigator owned Irrigation Infrastructure Operator based in the NSW Riverina. CICL provides irrigation and drainage services to its members over nearly 460,000ha and maintains and operates 1,251 kms of supply channels and drains. CICL was formed when ownership of the government owned irrigation supply and drainage infrastructure was transferred to its members in 2000. CICL supplies irrigation water to 498 farms operated by 334 business entities and has 256 members.

The contribution of releases from Snowy Hydro Limited (SHL) to seasonal allocations in the Murrumbidgee is important with annual contributions more important in dryer years.

The Coleambally Irrigation Area was established as a result of the construction of the Snowy Mountains Hydro-electric Scheme (the Snowy Scheme) which provided additional water to the Murrumbidgee and Murray Valleys and increased the regulation of montane inland rivers.

The Licence and its requirements are essential to ensuring that interests of downstream water users are balanced with the imperatives of SHL's profitability and operation in the electricity market. CICL considers DPI Water has an important role during this review to ensure the interests of downstream water users are not diminished in favour of changes to the Licence which provide increased flexibility and benefits to SHL's electricity generation business.

**CICL argues the operating principles and rules contained in the Licence which regulate SHL's water releases must be maintained and continue to be codified in the Licence.**

These principles include:

1. Catchment based sharing of inflows i.e. Snowy-Tumut and Snowy-Murray developments;
2. The target storage principle based on design dry inflow sequence;
3. Above target and below target water;
4. Required annual release (RAR) to western rivers, nominally 1,026GL (Snowy-Tumut) and 1,062GL (Snowy-Murray); and
5. The Dry Inflow Sequence Volume.<sup>1</sup>

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<sup>1</sup>Snowy Hydro Water Operations Reference Report (no date)

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Having said this, CICL considers this review presents an opportunity to refine and improve the operation of the Licence whilst respecting these principles. CICL also considers the review presents an opportunity to evaluate the effectiveness to both water users and SHL of the changes made to the Licence in 2011.

CICL raises a number of issues in this submission where it considers DPI Water needs to provide stakeholders with further information and analysis in order to better inform their views on potential changes to the Licence. This analysis should be provided in the next stage of the review process.

### **Opportunities to withhold RAR when downstream water availability is 100 percent**

The majority (70%) of water entitlements in the Murrumbidgee Valley are general security entitlements.<sup>2</sup> Early season available water determinations are important for irrigators' planting decisions, for example, work being completed by the Murray Darling Basin Authority as part of their evaluation of the Basin Plan indicates that summer crop planting areas are strongly correlated with 1 November general security announced allocations (excluding carryover) in the Murrumbidgee Valley.<sup>3</sup>

In CICL, water use on summer crops (rice, cotton, corn and soybeans) collectively is the majority of water use.<sup>4</sup> CICL is interested to explore opportunities that could be included in the Licence when irrigators have their full allocations to relax RAR (without impacting on current announced allocations) in one season and for this volume to be callable in the next or a future season, if required.

CICL understands that the existing Licence provides for both callable water and a relaxation volume which is rebadged as above target water. CICL questions whether these provisions are effective in delivering flexibility between years that provide material benefits to downstream water users.

Relaxation volume provisions to provide between year benefits to downstream water users need to be considered in the context of the flexibility in releases provided to SHL in 2011, where flexibility to release up to 200GL (in each development) of next year's RAR in the current water year was provided to SHL.

**CICL requests DPI Water explore what provisions could be introduced to the Licence to defer RAR to the next or future water years, with the intent of allowing for increased early season, general security announced allocations.**

As an example, in 2016/17 the Murrumbidgee received its maximum announced allocation of 100 percent on 15 November 2016. At the 15 August 2017 the announced general security allocation is 23 percent.

Was there potential in 2016/17 to reduce the RAR then include the reduction in addition to the 2017/18 RAR seasonal allocations from 1 July 2017?

If so, what is the likely volume which could be considered without impacting on current year RAR?

How should deferred water be accounted for and what should be the triggers for adding this volume to the RAR to increase early season allocations?

Are there dates which are critical to informing SHL planning by which any relaxation decision would need to be made?

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<sup>2</sup> <http://www.water.nsw.gov.au/water-licensing/registers>

<sup>3</sup> Phil Townsend, MDBA personal communication 8 August 2017

<sup>4</sup> CICL Annual Compliance Report 2016 page 21.

## **Evaluation of flexibility provision and wet sequence protection**

Key changes made to the SHL in 2011 included increased flexibility for releases from SHL and also wet sequence protection if the additional releases resulted in additional spills or pre-releases from downstream storages.

CICL is of the view that a review of the effectiveness and beneficiaries of the changes made in 2011 should form part of this review.

**CICL requests DPI Water, through this review, provide an analysis of SHL releases to identify if the increased flexibility has on balance reduced the volume of above target water releases by SHL.**

**The review should also consider whether there should be any changes made to these provisions.**

The outcomes of this review should be included in the next stage of the Licence review

**CICL also request DPI Water, in this review, to evaluate the effectiveness of the “wet sequence protection.”**

CICL understands that SHL has utilised the flexibility provisions extensively in the last 10 years, with limited volumes of above target water being released. This review is an opportunity to demonstrate that the “water sequence protection” is effective, and if not, to propose changes to improve the protection.

## **Blowering Airspace Deed**

CICL also seeks an evaluation of whether the behaviours of SHL, particularly in response to their increased flexibility provisions, are causing the Blowering Airspace Deed to be called on more often and whether over time this is impacting negatively on the operation of the Murrumbidgee River and the quantum of water that is regulated in the Murrumbidgee.

## **Drought reserves**

CICL notes that the drought reserves in both developments are now full.

CICL also notes that the triggers for release of the drought reserves provide no direct benefit to general security water entitlement holders.

CICL is not contesting the creation of the drought reserves and argues it is sensible to conserve water in SHL when it is no longer required to support annual allocations. However, CICL emphasises that the accumulated Dry Inflow Sequence Volume (DISV) impacted significantly on general security announced allocations.

CICL believes it is timely, as modifications of the Licence are considered, that opportunities to provide benefits to general security entitlement holders are identified as discussed in the section above, withholding RAR.

## **Accumulation of River Murray Increased Flows (RMIF)**

Changes to the Licence in 2011 allowed for call out provisions for the RMIF. The NSW and Victorian Governments are proposing these changes as a Sustainable Diversion Limit, adjustment project. CICL supports in principle this approach.

However, CICL is concerned that the volume of RMIF has continued to accumulate in SHL over successive years and with limited call out to meet environmental needs in the Murray. CICL

understand this volume is potentially in the order of 500GL of above target water in the Snowy-Murray development.

CICL argues that the continued accumulation of this volume in Snowy has resulted in the characteristics of the yield on the entitlements recovered under Water for Rivers being altered, which is contrary to the principles applying to Water Recovery under other Government programs.

Community expectation, and CICL's, is that Governments would have in place effective arrangements for release of water recovered for the environment from the Snowy Scheme.

CICL also considers that as a minimum the licence should also limit the volume of this water that can be accumulated.

### **Snowy 2.0**

CICL notes that DPI Water have argued that Snowy 2.0 is not part of this review and Snowy 2.0 if it proceeds, will not impact on the Licence.

CICL wishes to raise our concerns now of the potential that Snowy 2.0 will result in increased "recycling" of water within the Snowy Scheme, which ultimately will alter their release pattern in the Murrumbidgee Valley into Blowering Dam. Changes in the release pattern into Blowering Dam have the potential to cause a dam imbalance and supply restraints in the Murrumbidgee Valley.

It would be unsatisfactory if Snowy 2.0 was to increase the risk/frequency of DPI Water having to impose a Late Season Discount in the announced allocation.

CICL argues that the Licence review should consider including protections to avoid this potential impact.

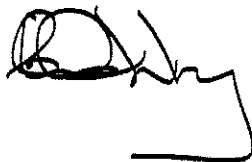
### **Conclusion**

CICL appreciates the operation of SHL and the Licence are complex issues. In terms of water availability to downstream users this complexity is confounded by variations in water availability in downstream catchments.

CICL would welcome the opportunity to discuss the range of issues raised in the submission with DPI Water further and reiterates our expectation that the next stage of this Review will provide stakeholders with further information to assist them inform their views on potential future changes to the Licence.

If you have any questions in relation to this submission please contact Jenny McLeod, Policy and Communication Manager on M. 0427 884 431.

Yours sincerely



Clifford Ashby  
CEO