



NSW SDL ADJUSTMENT PROJECTS | SUPPLY MEASURE

Snowy Water Licence Schedule 4 New South Wales Amendments to River Murray Increased Flows Call Out Provisions

February 2017

The Basin Plan sets a sustainable diversion limit (SDL) for each catchment and aquifer in the Basin, as well as an overall limit for the Basin as a whole. In order to meet the new limits, 2750 GL of water needs to be recovered Basin-wide. NSW's share of this "SDL gap" is 1310 GL, with approximately 965 GL¹ of water recovered to date. For the remaining 345 GL of recovery, NSW is pursuing investment by the Commonwealth Government in a range of projects and programs, with infrastructure projects being prioritised over water buybacks.

This document provides an overview of *Snowy Water Licence Schedule 4 New South Wales Amendments to River Murray Increased Flows Call Out Provisions (River Murray Increased Flows)* supply measure project being proposed by NSW.

The River Murray Increased Flows Supply Measure project proposes a change to the NSW SDL adjustment volume on the basis of a revision to the current intergovernmental licence and formal rules for the operation of the Snowy River Hydro Limited. These changes will enhance the ability to use environmental flows when most needed to meet the environmental objectives of the Basin Plan.

Fast Facts

Location	Murray River below Lake Hume
Type of project	Supply measure involving a change to river operation rules which allow more flexibility and control in when environmental water is delivered the River Murray
Status	Business case submitted in November 2015 and is being assessed by inter-jurisdictional SDL adjustment advisory committee (SDLAAC).
Ongoing costs	Responsibility for ongoing licence fees has not been determined at this stage

The project area

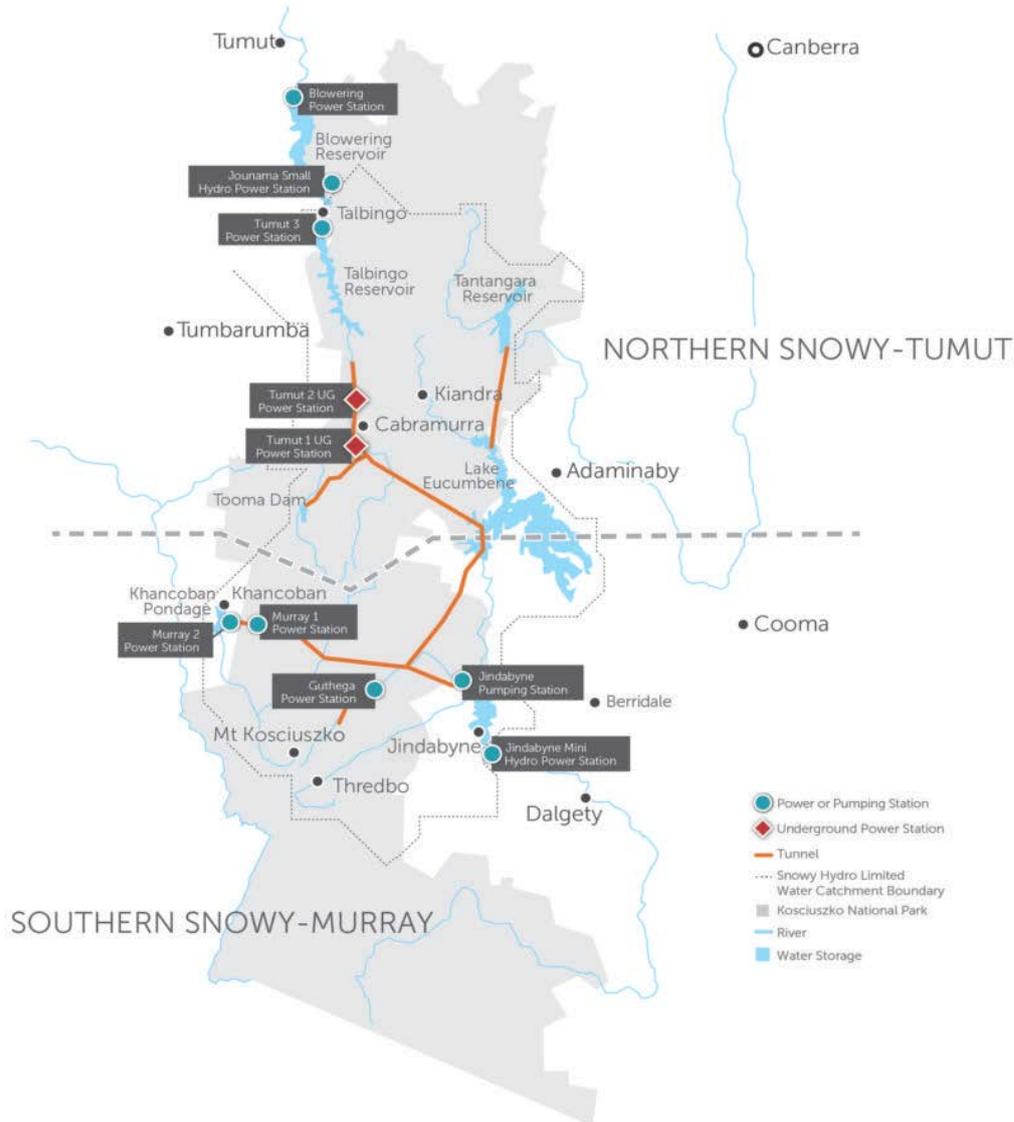
The Snowy Mountains Scheme is a dual-purpose development that stores water for both electricity generation and regulated water supply for the irrigation industry in the Murrumbidgee and Murray valleys.

¹ Information sourced from MDBA website. Includes Commonwealth water recoveries contracted through the Sustainable Rural Water Use and Infrastructure Program (SRWUIP) Infrastructure projects, the South Australian River Murray Sustainability Program (SARMSP) and the Water Smart Australia Program. Estimates do not take into account potential changes as a result of the Northern Basin Review and proposed changes to the long term diversion limit equivalent factors.

Inflow to the Schemes' storages are apportioned as inflow to either of two developments; water apportioned to the Snowy-Tumut section of the Scheme flows to the Murrumbidgee River, while Snowy-Murray water flows to the Murray River, via Hume Dam near Albury-Wodonga.

This project focuses on rule changes that govern the flows to the Murray River.

Figure 1 Snowy hydro scheme location Source: Snowy Hydro



The proposal

As part of the corporatisation process for the Snowy hydro Scheme in 2002, the NSW, Victorian and Commonwealth Governments agreed to fund a program of water efficiency and water entitlement purchases in the Murrumbidgee and Goulburn river systems and diversions from the

River Murray system. The water recovered would allow up to an additional 70 GL and 212 GL each year to be released to the Murray and Snowy Rivers respectively for environmental purposes. Rules governing the release of this water are known as the River Murray Increased Flows (RMIF) and Snowy River Increased Flows (SRIF). This proposal focuses on the SDL adjustment arising from the RMIF rules.

In 2011, the licence for the Snowy Hydro scheme was amended to allow the water recovered under the RMIF rules to be held and ordered by the NSW and Victorian governments. Previously the release of this water was at the discretion of Snowy Hydro. Due to this, releases accounted as RMIF might only coincidentally provide environmental benefits downstream.

Under the changes to the RMIF rules, this water can now be used (“called out”) to meet environmental outcomes, or traded or accrued and set aside for use at a time that provides maximum environmental benefit. States may also credit the RMIF entitlements through substitution of existing resources on the Murray in order to build callable reserves in the Snowy Scheme.

This SDL adjustment supply measure proposal does not involve an increased volume of environmental water, but instead assesses the increased level of control arising from the creation of State held entitlements for RMIF water (70 GL/year shared equally between Victoria and NSW). It focuses on changes in the timing of release of RMIF water from the Snowy Scheme, and the increased flexibility to specifically target the environmental outcomes identified in the Murray River below Lake Hume.

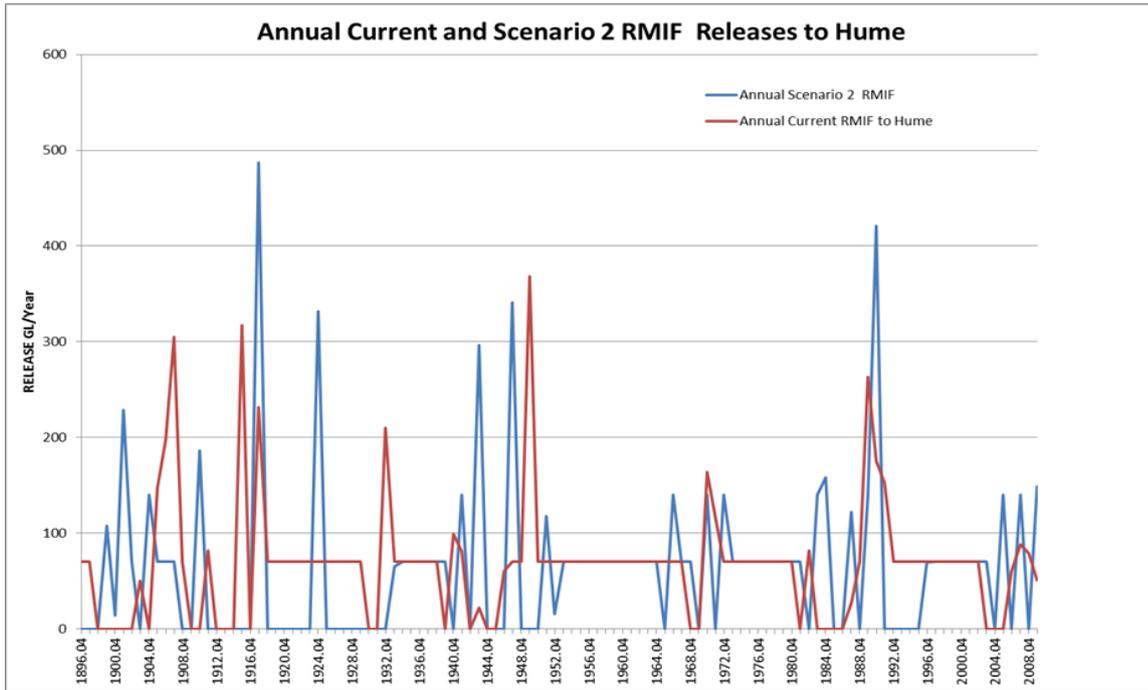
A new 35 GL general security access licence in the NSW Murray water source will be required as part of the implementation of this proposal.

Ecological Outcomes

The licence created under this project will be managed jointly by the Victorian, NSW and Commonwealth Governments under current environmental water processes for the benefit of the Murray River.

An example of the analysis conducted to support this proposal is shown in Figure 3. This figure shows the change in the pattern of RMIF releases under one of the release scenarios (scenario 2) developed for this proposal, when the environmental account in Hume Dam is less than 500 GL in October in any year. This demonstrates that the RMIF (Snowy) account can be called out in a significantly different manner to the Basin Plan modelling to provide more water during periods when it is likely that it will have increased environmental value.

Figure 2 Current RMIF releases compared to releases under Scenario 2 conditions



Risks and Impacts

Potential risks associated with the development, construction and operation of the project were assessed as part of the business case development. The only risk assessed for delivery of improved ecological outcomes under this measure is the potential for future changes to operational behaviour of the Snowy Scheme that may restrict the desired call out of RMIF water.

Responsibility for the ongoing licence fees accruing to the NSW entitlement for the RMIF water is still being established.

No impacts on commercial licence holder reliability are anticipated.

Consultation

The key elements of this proposal are already in place, or developed and agreed through the existing Murray River governance arrangements. This includes the Snowy Water Licence, which has already been varied following a comprehensive public submissions process. The appropriate variations to the strategy for managing RMIF, and Schedule F of the Murray-Darling Basin Agreement have been developed and endorsed by the Basin Officials Committee.

Consultation on the operational delivery of this measure will occur through existing River Murray system governance processes.

Next steps for adjustment mechanism confirmation

Date	Details
30 June 2017	BOC notification of final approved SDL adjustment package
Late October 2017	MDBA public consultation on proposed SDL adjustment
15 December 2017	MDBA recommend SDL adjustment to Commonwealth Water Minister
February 2018	Amendments tabled in parliament
From March 2018	Commence detailed design, construction and commissioning under Commonwealth funding

More information

Background on the Basin Plan implementation and the SDL adjustment process can be obtained from:

www.mdba.gov.au

DPI Water is the lead agency for the implementation of the Basin Plan agreements within NSW. Reports on NSW SDL adjustment activities reports can be obtained from:

<http://www.water.nsw.gov.au/Water-management/Water-recovery>

Acknowledgements

NSW DPI is the proponent of this project. NSW DPI wishes to acknowledge NSW Office of Environment and Heritage and the Department of Environment, Land, Water and Planning (Victoria), who have contributed to the development of the Business Case for this NSW SDL adjustment project.

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Disclaimer: The information contained in this publication is based on knowledge and understanding at the time of writing (February 2017). However, because of advances in knowledge, users are reminded of the need to ensure that information upon which they rely is up to date and to check currency of the information with the appropriate officer of the Department of Primary Industries or the user's independent adviser.