

6 July 2018

E: snowylicence.review@dpi.nsw.gov.au

Dear Sir

**CICL SUBMISSION TO THE 10 YEAR REVIEW OF THE SNOWY WATER LICENCE
DRAFT REPORT**

Introduction

Coleambally Irrigation Co-operative Limited (CICL) welcomes the opportunity to provide feedback on the Department of Industry's ten year review of the Snowy Water Licence (the Review), draft report. CICL also appreciated the opportunity to participate in briefings on the proposals in the draft report.

CICL considers the draft report has adequately captured the issues raised in its initial submission to the Review. CICL welcomes the Department of Industry's proposal to only make minor administrative changes to the licence at this stage of the Review.

CICL remains of the view that the changes made to Snowy Hydro's water licence in 2011 provided substantive benefits to Snowy Hydro's commercial operations by formalising the flexibility arrangements. It is clear from the issues raised in submissions that there are significant questions about how the changes introduced in 2011 are operating and their impacts on downstream storage volumes. The benefits to downstream water users of the 2011 changes are more difficult to quantify. The drought accounts are full and as yet have not been required to support high security allocation in the Murrumbidgee or Critical Human Needs in the Murray. Hopefully these circumstances prevail.

CICL considers it is essential the Review clarifies the starting point or baseline for consideration of any changes to the Snowy Hydro water licence. CICL understands that compensation will apply to Snowy Hydro if changes made to the water licence disadvantage Snowy Hydro. It is CICL's view that the most likely outcome is that no change will be made to the water licence if Snowy Hydro is able to demonstrate the change will negatively impact on their commercial operation.

It is therefore essential to clarify the starting point early in the work plan. Is it is CICL's view that the starting point should be the initial licence.

This submission provides comment on proposals that relate to Schedule 4 Water Release Requirements and the recommendation for an expert panel to independently review Snowy Hydro and the Ministerial Corporation's performance.

Proposal 1 –Increased public reporting

CICL supports the proposal to change the Licence to require Snowy Hydro to prepare a public version of the Annual Water Operations Plan. This document should be available no later than the start of the western fall annual water accounting year. The changes should also require Snowy Hydro to update the public version of the annual plan if there are changes within the water year to Snowy Hydro's plans.

CICL also supports public reporting of the Water Consultation and Liaison Committee (WCLC) agreements. This change will provide some transparency to the decisions made by this Committee.

CICL also supports consideration of the impact of this change on Snowy Hydro's administration in the Work Plan, although CICL considers this should be a low priority.

Proposal 3 – Collaboration on water operations

This proposal is supported.

Proposal 4 – Contents of the Annual Water Operations Plan

CICL supports this proposed change.

Proposal 11 – Call out of River Murray Increased Flows (RMIF)

A rules change for the call out of RMIF (as agreed in the 2011 Snowy Licence) is one of the projects included in the Sustainable Diversion Limit Adjustment Mechanism. CICL supports exploration of the call out provisions, however, any changes should not disadvantage the benefit provided by these provisions to the Sustainable Diversion Limit Adjustment Mechanism.

Proposal 12 – The dry inflow sequence volume (DISV)

CICL supports consideration of the DISV in the Work Plan; however CICL does not consider the calculation of DISV and its use as the highest priority issue for further work. In relation to its calculation and the ambiguity referred to, CICL needs to have an understanding of whether this issue is material to the volume.

It is CICL's view that the DISV calculation and its application in the Snowy – Tumut system demonstrated its effectiveness during the millennium drought.

Proposal 13 – Relaxation

CICL supports the correction of the drafting error for the Snowy-Tumut development and inclusion of the WCLC drafting of Clause 10.1 of Schedule 4.

CICL considers exploration of options for the relaxation volume is a priority for the Work Plan. Identification of opportunities to defer releases to future years to improve water availability in western fall catchment presents an important opportunity to optimise the operation of Snowy Hydro.

Proposal 14 – Flexibility and pre-releases

CICL supports corrections in the drafting in the current licence.

CICL also supports the inclusion of the WCLC agreed change to the definition of recovery amount.

CICL supports and considers exploration of the flexibility and pre-release provisions a priority for the Work Plan.

Proposal 15 Timing of releases

CICL supports consideration of timing of releases in the Work Plan and considers this area of work a priority.

CICL also considers this area of work needs to include interaction between the Blowering Airspace Deed and the Snowy Water Licence.

Proposal 16 Account for inter-valley transfers

CICL supports the proposed change to alter accounts to reflect inter-valley transfers between the Snowy- Tumut and Snowy- Murray developments and vice versa. It is CICL understanding that some of the inter-valley transfers have been advances of future allocations, therefore, once these volumes are repaid the respective development accounts should be adjusted to ensure repayment to the development the volume was advanced from.

Proposal 17 Early season commitment of release volumes

CICL supports exploration of the MDBA's proposal to use the drought accounts to underwrite early season allocations. CICL notes the drought account benefits high security entitlement holders in the Murrumbidgee and critical human needs in the Murray.

A consequence of the principles Snowy Hydro operates under is that when there is a DISV volume, early season announcements are constrained to general security entitlement holders. Consideration of where flexibility may be provided is considered a priority by CICL.

Proposal 18 – Drought and DISV reserve accounts

As CICL understands this issue, the current approach reserves any recovery volume to off set starting allocation in the next water year. CICL supports this approach. Exploration of this option is a lower priority.

Proposal 19 Sharing of net evaporation

Exploration of this issue is a lower priority to CICL. If changes are made to increase evaporation of River Murray Increased Environmental Flows, exploration should consider if there is any impact on the sustainable diversion limit adjustment.

Proposal 20 – Modelling support

CICL supports this approach.

Proposal 21 – Expert review of performance

CICL supports the initiative to engage an expert panel to review Snowy Hydro's and the Ministerial Corporation's performance. Snowy Hydro's Water Licence is complex, with multiple interactions between its parts. CICL considers the results of the expert panel review should be released to stakeholders.

Conclusion

The proposed Work Plan to explore potential changes to Schedule 4 of Snowy Water Licence is ambitious. CICL encourages the Department of Industry to establish and implement a stakeholder engagement program as part of its implementation plan which allows interested stakeholders to participate in the investigation of options to optimise water arrangements.

It is essential that as more substantive changes to the water arrangements are being considered, water stakeholders are full involved and given the opportunity to understand the options, including ensuring that any risks associated with the changes are properly explored and understood.

If you require further information please contact Jenny McLeod, Policy and Communication Manager, on jmcleod@colyirr.com.au or M. 0427 884 431.

Yours sincerely



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