



## **PLANNING FOR CARRYOVER AND THE SPILLABLE ACCOUNT.**

During last season, many Irrigators did not continue to receive allocation, once the total of their carryover and new season allocations in their Allocation Bank Account (ABA) reached 100% of their Water Shares.

New carryover rules for the Murray, Goulburn and Campaspe systems, developed through the Northern Region Sustainable Water Strategy, were introduced prior to the end of last season to come into effect on 1 July 2010.

### **What is a Spillable Water Account (SWA)?**

It is a subsidiary account within your existing ABA. If you own multiple Murray high and/or low reliability Water Shares, allocations from these shares are most likely credited to a single ABA, as such only one SWA would exist.

Some Customers now own a mix of Murray and Goulburn high and/or low reliability Water Shares and therefore have two and possibly more ABA's. Under this circumstance each ABA has a SWA.

The Spillable Water Account (SWA) attached to your Allocation Bank Account will ensure that you will only lose water from your account based on the actual volumes in the respective storages, as explained below under the heading, *When do I lose water from my SWA?*

### **Who has access to Carryover and the Spillable Water Account (SWA)?**

In the simplest terms, the owner of a Water Share is the owner of air space in the storages. As such only Water Share owners are entitled to carry over. The holder of a Supply by Agreement and the holder of a current Limited Term Transfer (LTT) of a Water Share can also carry over against these entitlements. In the latter case the LTT must expire on or after 1 July for carry over to apply.

The volume you carry over is not limited by the volume of Water Share you own.

Remember your carryover must be in an ABA linked to a Water Share.

### **Where is my Spillable Water stored?**

If you own Murray Water Shares – Dartmouth Dam, Goulburn Water Shares – Lake Eildon.

### **When do I lose water from my Spillable Water Account (SWA)?**

For a loss/spill to occur from Murray System Shares, Victoria's share of Dartmouth must fill and spill when Victoria's share of Hume is full. A spill from Victoria's share of Dartmouth can occur without water actually physically spilling over the dam spillway – if NSW has less water in Dartmouth (these are known as internal spills). The Water Resource Manager (Goulburn Murray Water) will advise when a spill happens.

The situation for Irrigators holding Goulburn high or low reliability Water Shares is simpler as water will be lost when Lake Eildon physically spills.

### **How will the SWA work at the end of the season?**

#### **Example 1**

Customer finishes the season with an ABA balance **less** than the sum of all Water Shares connected to their ABA.

A deduction of 5% will occur to the total volume to cover next season's evaporation losses. This reduced volume, will then carry over into your ABA for immediate use and trade in the new season. The subsidiary SWA will have a zero balance

#### **Example 2**

Customer finishes the season with an ABA balance **greater** than the sum of all Water Shares connected to their ABA.

A deduction of 5% will occur to the total volume to cover next season's evaporation losses. A portion of the balance, equal to the sum of all Water Shares connected to the ABA, will then carry over into your ABA for immediate use and trade in the new season. The excess volume will be held in the SWA where it is quarantined and not available for use or trade.

### **What happens with allocations in the new season?**

If, in the new season, allocations are made before a Declaration is made, when the volume of your ABA reaches 100% of your linked high and low reliability Water Shares any further allocation increases will be credited into your SWA and these increases will not be available for use or trade until a Declaration is made.

So, in **Example 1** above, new season allocations will be credited to the customer's ABA until the sum of their carryover and new season allocations equal their entitlement volume, Further allocation increases will then be quarantined in their SWA until a Declaration is made.

After a Declaration, all further allocation increases will be immediately credited to the available balance of your ABA.

### **When will Spillable Water become available for use or trade?**

The Water Resource Manager (Goulburn Murray Water) is required to assess the risk of a spill, from each storage, at the beginning of the new season, based on historic records and the outlook for the new season.

If the conclusion is that there is low risk, the Manager will make a Declaration that there is a low risk of spill. Once this Declaration is made, all water held in the SWA is transferred to your ABA for use or trade. A Declaration cannot be reversed

If the Resource Manager's assessment of storages concludes that there is a reasonable risk of spill, the Manager will not make a Declaration and water will remain quarantined in the SWA. The Resource Manager will assess the risk of spill at the start of each month until a Declaration can be made.

If the storage spills before a Declaration has been made everyone loses volume from their SWA in proportion to what actually spills from the Storage.

Once the peak inflow season has passed, and irrigation demand increases and the Resource Manager is confident the risk of further spills has passed, a Declaration would be made and any remaining volume in the SWA will be transferred to your ABA for use or trade.

### **When will the Resource Manager make a Declaration?**

The timing will be dependent on seasonal conditions, in dry years with low storages such as at the start of the 2010/11 year the Declaration could be made in July. In wet years it may be delayed until the end of the peak inflow period in November, or even later. Announcements and advice on Spill risk will be made in conjunction with allocation announcements.

This year, a Declaration was made on 1 July.

### **The Benefits and Risks are!**

The new rules mean Irrigators have greater flexibility to manage the risk of low allocations in the new season, particularly when storages are low at the end of the season and poor outlooks exist for rainfall and inflows in the new season.

The risk of losing carryover in years of full allocation particularly coming out of a dry climate phase such as last year decreases.

Conversely as we enter a wetter climate phase with fuller storages at the end of the season and promising outlooks for inflow, carrying over larger volumes in your ABA presents risk as the likelihood of a physical spill from the storages is greater.

If you intend selling your property you will not be able to trade the volume in your SWA until a Declaration has been made.

### **When should you start considering the spill risk?**

Be aware of announcements made by the Resource Manager.

LMW understands that announcements will most likely be made in the middle of each month in conjunction with allocation announcements. LMW has also asked that the status of storages and spill risk be made available on the G-MW website as well in announcements.

Customers should remember that when the Resource Manager announces an allocation against a low reliability Water Share, the announcement implies that based on inflows being no lower than 1 in 100 year lowest ever experienced, a 100% allocation for high reliability Water Shares is expected for the following season.