

SOUTHERN RURAL WATER POLICY

WATER SAVINGS FROM REGULATED IRRIGATION DELIVERY SYSTEMS

1. POLICY STATEMENT

Where permanent water savings are generated in the regulated irrigation delivery system:

1. Where water savings are created by capital works:
 - a. Water savings shall accrue to the funders of the investment works that generate the savings.
 - b. A pre-project statement will specify sharing of water savings with multiple investors.
2. Where enduring water savings are created by SRW management initiatives, the savings belong to SRW.
3. Victorian Government's Water Savings Protocol will form the basis to quantify and verify water savings. Where practical and cost effective, direct measurement will be the preferred method to verify savings.
4. Conversion of savings to entitlements will be in accordance with the *Water Act 1989*; using an open and transparent process.
5. Existing entitlement holders will not be disadvantaged by water savings projects.

2. DATE OF BOARD APPROVAL

Meeting 204, 1 April 2010, Item 10.2.

3. ASSOCIATED REFERENCES

Victorian Water Savings Protocol
Water Act 1989

4. REVIEW

April 2013.

5. EXPLANATORY NOTES

This policy replaces the Board's Water Saving Policy approved at meeting 104 held on the 13 June 2003.

The following notes relate to the points in the Policy

Point 1a

The central principle is that ownership of water savings rests with the persons or parties funding the works that generate them. This policy only considers the water savings associated with investment projects. The project's business case would consider all relevant aspects for decision making.

Point 1b

Investment in system upgrade projects will often deliver additional benefits over and above water savings. A pre-project statement provides the flexibility to allow for consideration of these other benefits which may see a sharing of benefits in a different proportion to the water savings. The statement provides a mechanism to add specific system rules, such as those documented in the MID2030 strategy. The pre-project agreement also provides an opportunity to explain and clarify the water saving elements that would apply to the project. This gives an opportunity for investors to better understand the nature and quantum of savings.

Point 2

Whilst most savings will require capital investment it is possible that progressive changes in SRW's management practices over time can result in permanent (enduring) water savings. The management practices that create savings would be operational improvements rather than maintenance activities, as maintenance activities will only produce short-term benefits. This point explicitly recognises that management initiatives can create water savings and that ownership of those savings rests with SRW.

Point 3

Since the approval of the previous Water Saving Policy, the Victorian Government has developed its Water Savings Protocol in 2009. This is the first formal guideline that specifies methods to quantify and verify water savings. The Victorian Water Savings Protocol specifies the use of the guidelines as mandatory – noting that it is possible to vary some aspects of the guidelines by agreement with the Government and that the Government will update the guidelines over time.

The Victorian Water Savings Protocol requires the specification of:

- a Baseline Year (season), which is considered representative of long-term average system operating conditions [*Note – this attribute is important in systems that have highly variable seasonal allocations*]
- A Benchmark Year (season), which is the season the condition and performance characteristics of the assets will be compared once water saving initiatives are completed

For the MID the default baseline and benchmark season is 2005/06. This was the season adopted for the MID2030 strategy. The 2005/06 basin accounts prepared under the Bulk Entitlement Order recorded total inflows into the MID of 244,895 ML with deliveries recorded as 16,8916 ML.

The Baseline and Benchmark seasons for the Western Irrigation Districts would be considered if a water saving application was to proceed.

Point 4

The *Water Act* 1989 specifies the method to convert water savings to entitlements. Specifically Section 40 covers the issues to consider when seeking a change to the Bulk Entitlement including the protection of existing entitlement holders. The open and transparent process would involve consultation with the customer committees, providing information to customers and public advertisements.

Point 5

In planning for water savings projects, we shall ensure that the interests of existing entitlement holders are protected. This will include generating adequate general service improvement, or an ongoing revenue source to offset any increase in operations, maintenance and renewals expenditure as a result of the project. Any new entitlement issued from a water saving project will not prejudice the water security of any existing high or low water share holder, nor the service level of any delivery share holder, consistent with Section 40 of the *Water Act* 1989.