



G-MW and NVIRP

Presentation to
Standing Committee on Finance and
Public Administration

*Inquiry into the Business Case
for Water Infrastructure*

21 August 2009



Benefits and costs arising from the ... modernisation of irrigation infrastructure

Modernisation of the channel delivery networks in G-MW's
Irrigation Areas will

**deliver more water sooner and cheaper
where and how its needed
to farmers and our local environment**

compared with the current system thereby improving water
security for farmers, communities and the environment
across northern Victoria and Melbourne

.....even with 1/3 of the stage 1 savings redirected to Melbourne

.....even though the savings will vary in line with seasonal conditions



What we don't do!

❌ Own water

- Urban Water Corporations
 - Environmental managers
 - Rural and irrigation customers own water
- specific rules allow G-MW to access water resources to operate delivery networks

❌ Sell Water

We process around **\$500 million** of transactions between entitlement holders:

- Within G-MW region
- With other Vic Water Corporations
- Interstate

❌ Supply water on demand

Our network doesn't have the capacity to supply everyone at once – customers place orders.

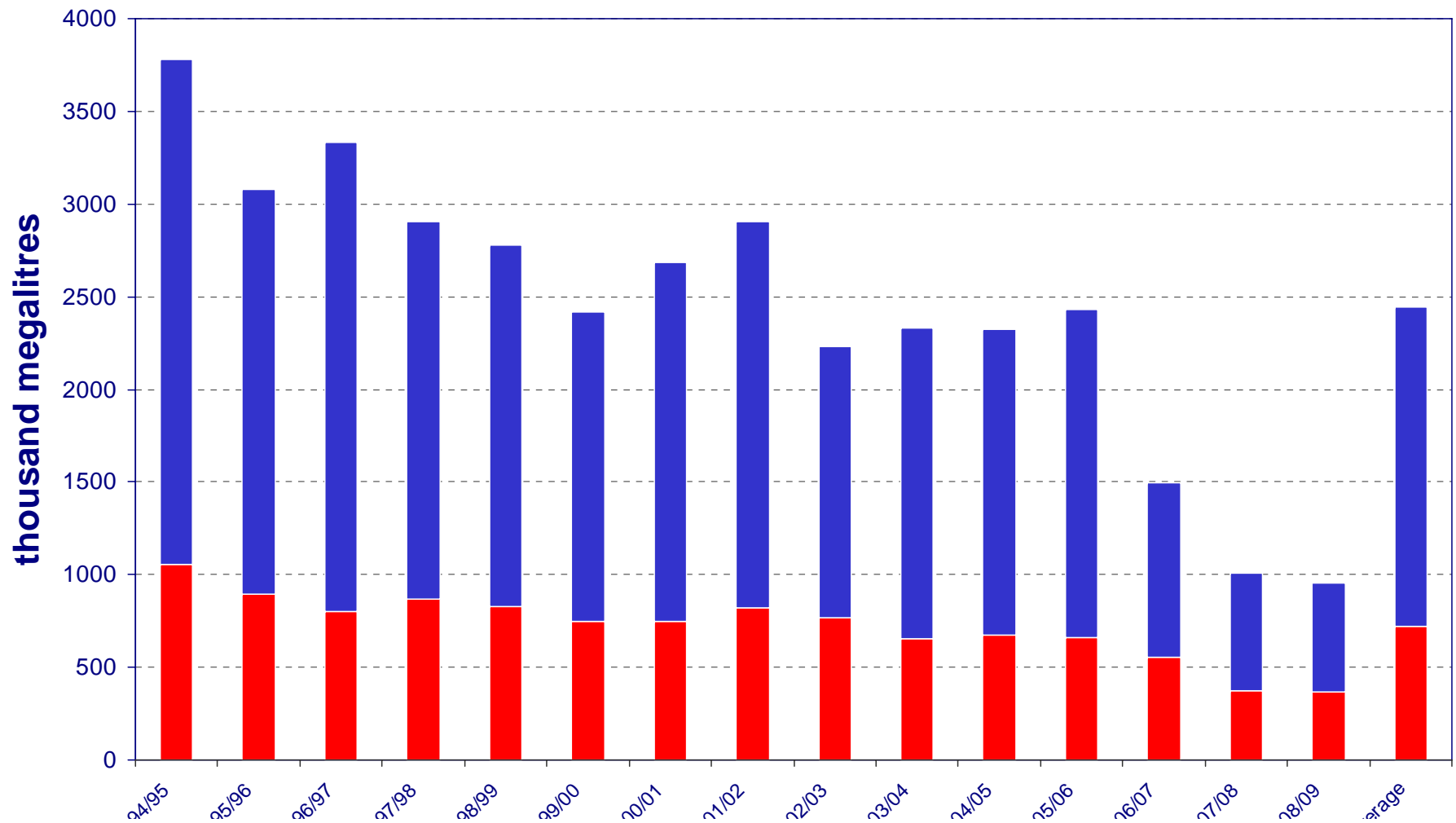
G-MW schedules and delivers around 350,000 orders each season – more than 1000 a day .





How much water is used in the Irrigation Areas?

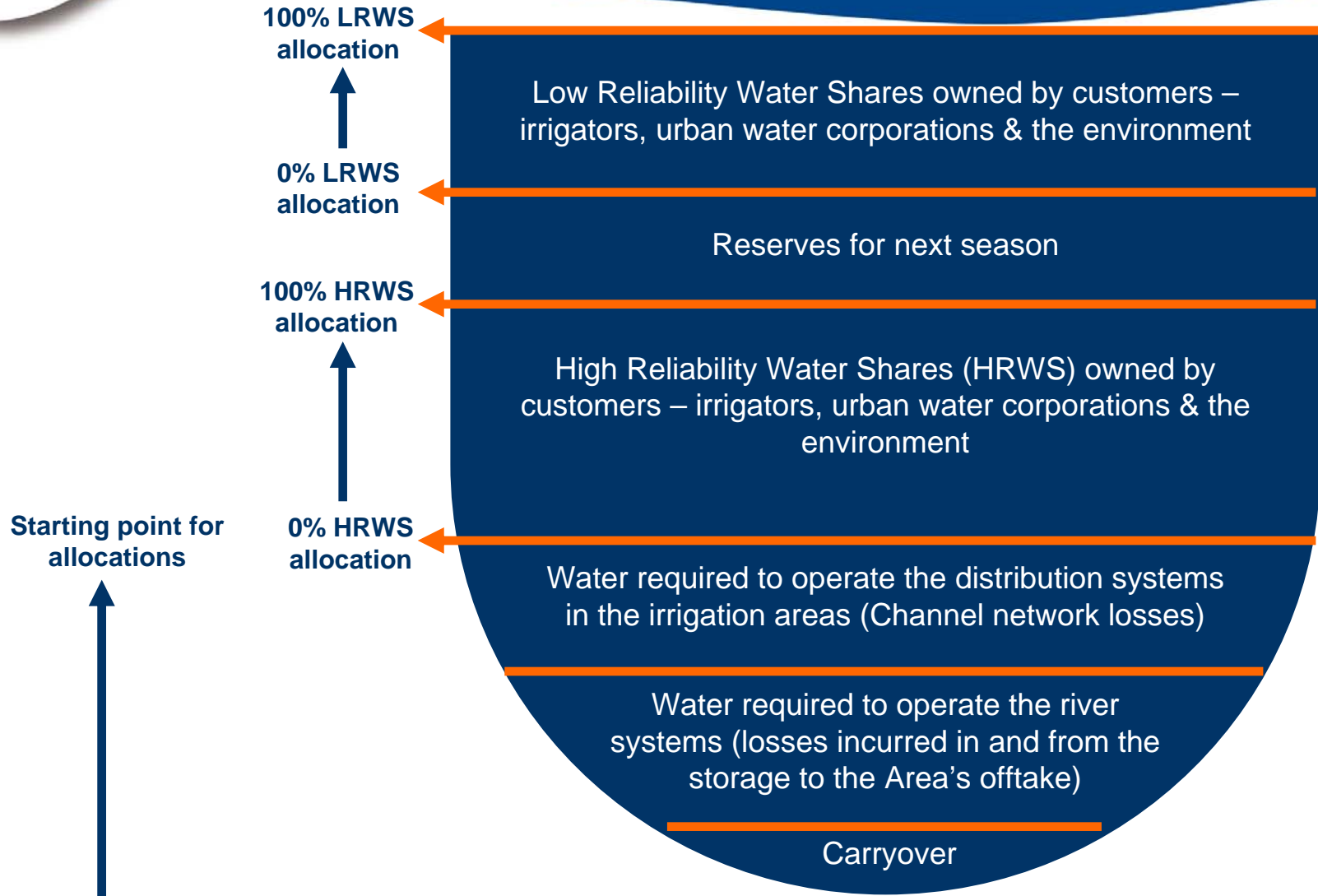
■ Channel System Operating Requirements ■ Deliveries





Deliver more water sooner

Water sharing in northern Victoria





Deliver more water sooner

Seasonal Allocations

Total amount of water in storage and on its way

—

Amount required to meet fixed and variable system operating requirements (losses)

=

Allocation expressed as a % of water shares

Total number of water shares on that system

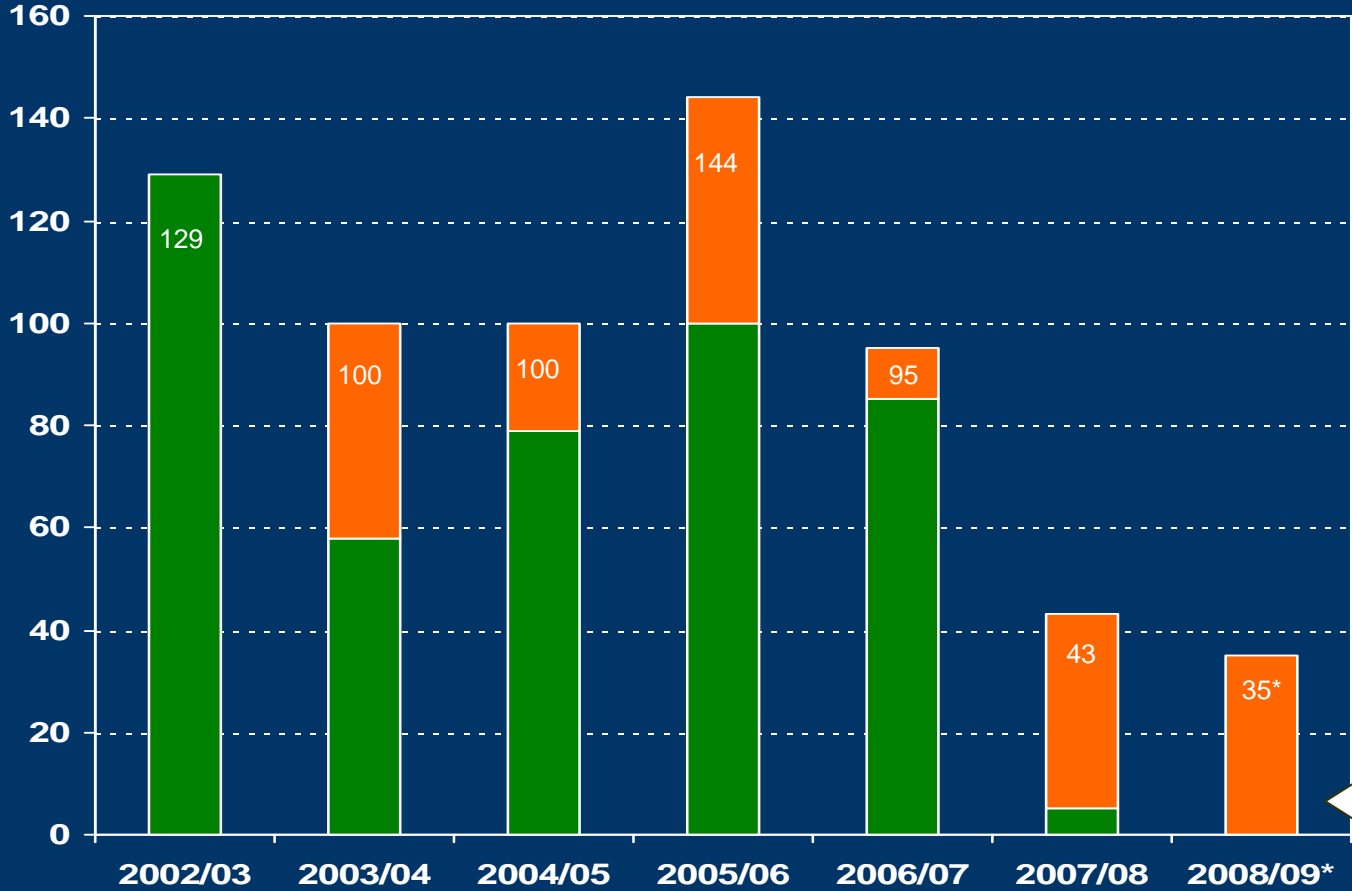


Murray System Allocations

Start and Finish

Allocation (% of HRWS)

■ start ■ finish



← Above 100% is LRWS allocation (previously sales)

← First time ever starting allocation of 0% (15 August)

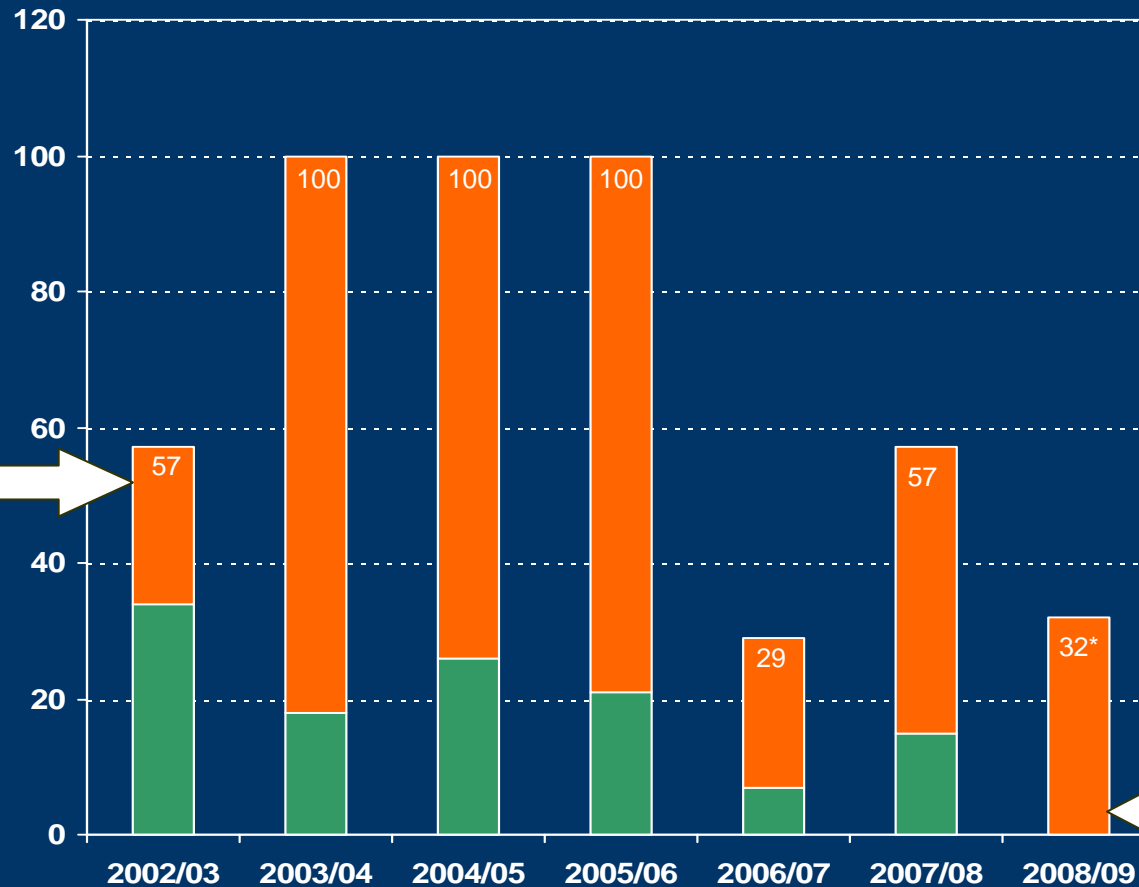


Goulburn System Allocations

Start and Finish

Allocation (% of HRWS)

■ start ■ finish



First allocation ever of less than 100%

Above 100% is LRWS allocation (previously sales)

First time ever the season began (15 August) with 0% allocation



Modernisation delivers **more water sooner**

LRWS entitlement owned by customers – irrigators, urbans & the environment

Reserves for next season

HRWS entitlement owned by customers – irrigators, urbans & the environment

Even More Water

Savings returned as increased entitlement (Owners can use, trade, lease & carryover)



Current starting point for allocations

Stage 1
225 GL

Melbourne The Environment Irrigators

The Environment Irrigators

Stage 2
200 GL

Allocations Even Sooner

Reduced operating requirements allow G-MW to make allocations earlier and more often through the season.



Water required to operate the distribution systems in G-MW's irrigation areas (channel network)

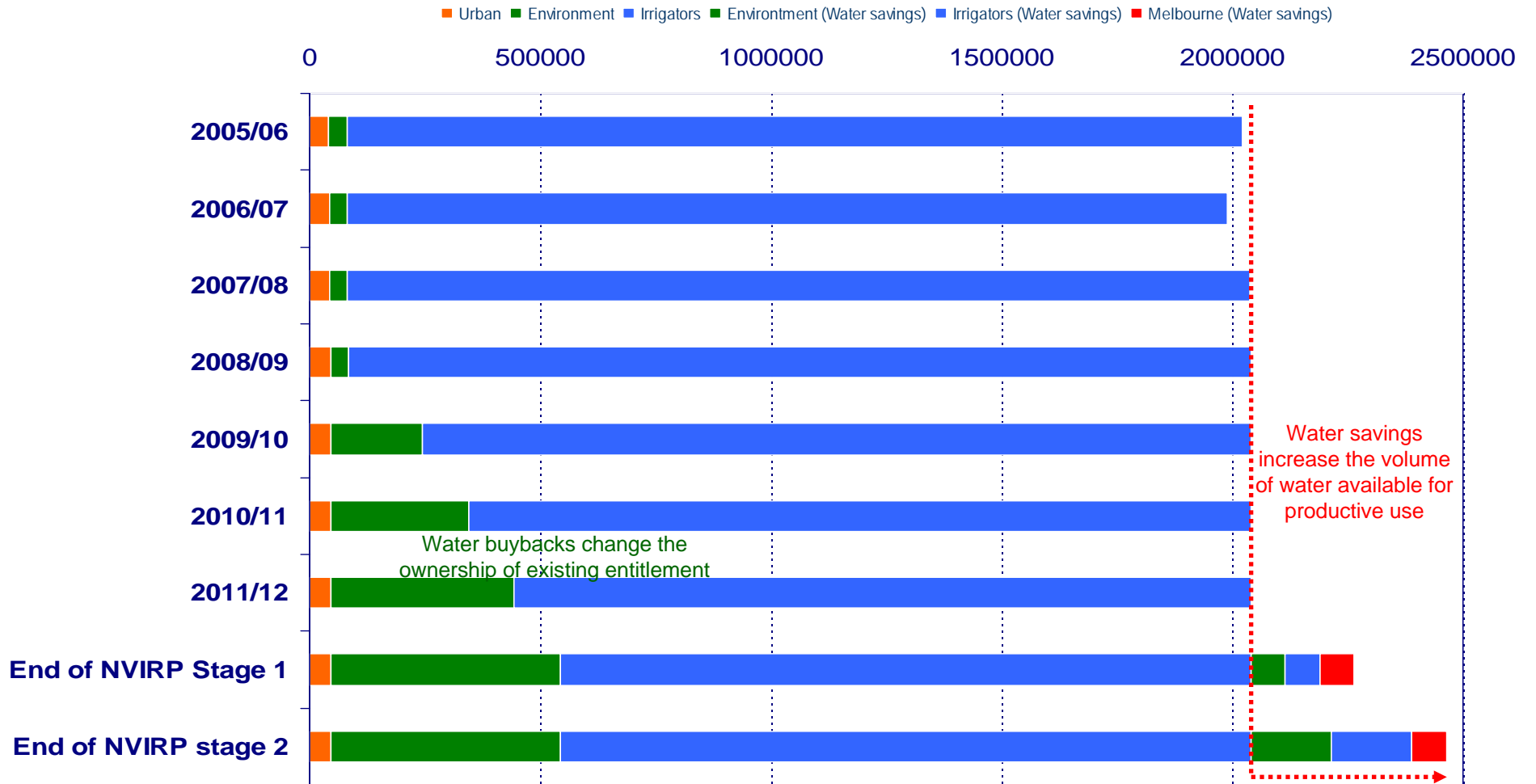
Water required to operate the river systems

Carryover



Water ownership

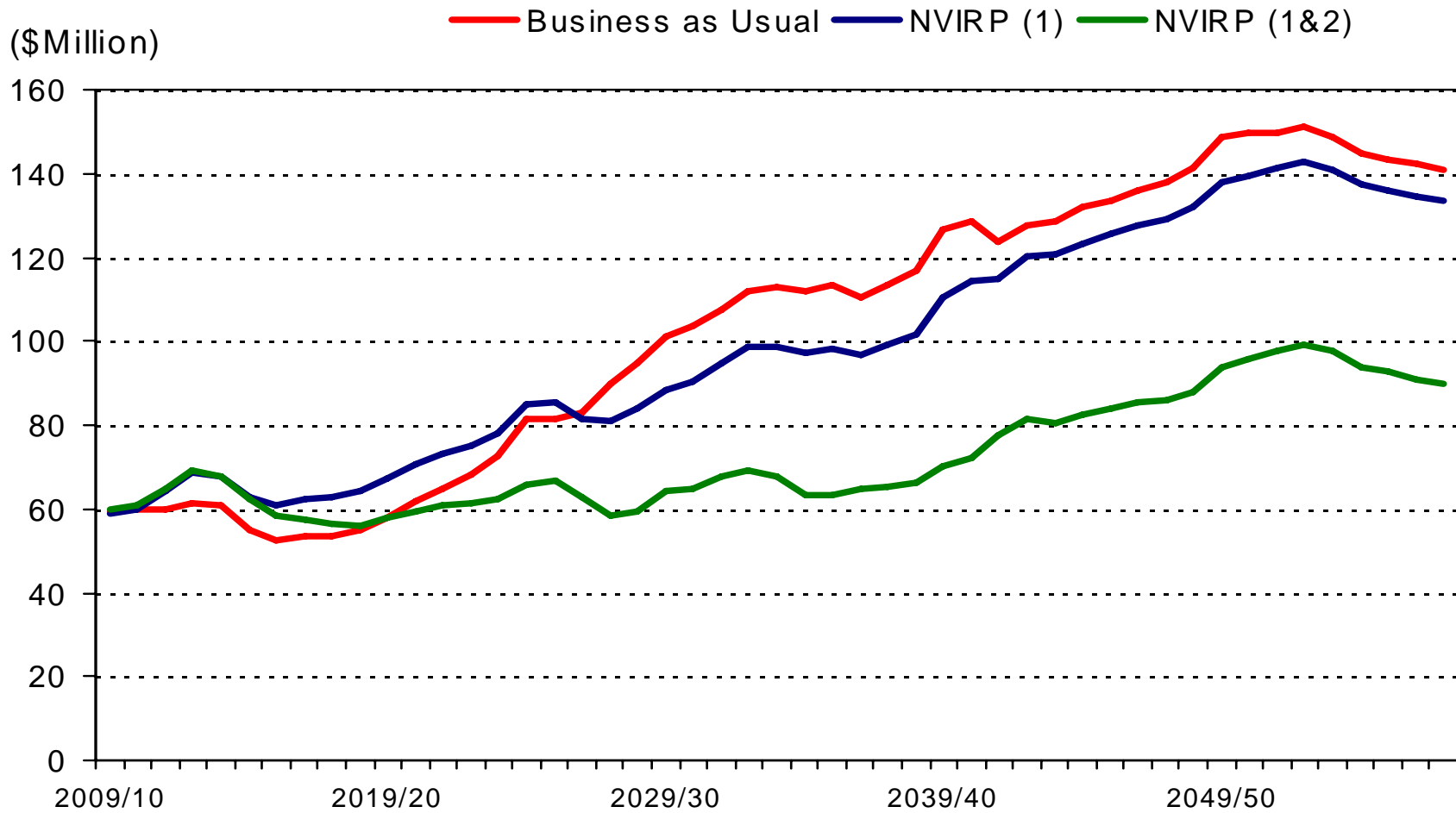
Indication of future entitlement ownership



Qualifiers: NVIRP water savings redistributed as entitlement at the completion of the project. Verified actual savings achieved before the completion of stage 1 & 2 to be shared amongst environment, irrigators and urbans (including Melbourne) via the allocation process with Melbourne limited to 1/3 of stage 1 savings in any year. Melbourne's share of the savings may have a different name but will have the same level of security as the irrigators and the environment shares.



More water sooner and **cheaper** *future revenue requirements*





History of modernisation in G-MW region

- 2002 First large scale R&D trial of channel automation technology on CG2 channel.
- 2004 Reconfiguration program gets underway in Pyramid-Boort region
- 2006 Victorian Water Trust invests in stage 1 of the CG1-4 project enabling installation of channel automation
 - G-MW signs Water Recovery Package MOU. Part of a \$113 million package of measures for irrigators in return for 25GL of HRWS in May 2009
- 2007 G-MW begins CG 1-4 stage 2&3 with funding from Water For Rivers
 - G-MW begins works on the Shepparton Modernisation Project with funding from the Living Murray Initiative and the Victorian Government
 - NVIRP established to deliver FoodBowl Modernisation Project – now called NVIRP
- 2009 G-MW on track to complete Shepparton and CG1-4 projects and deliver Water Recovery Package obligations by December
 - NVIRP completes second year of winter works

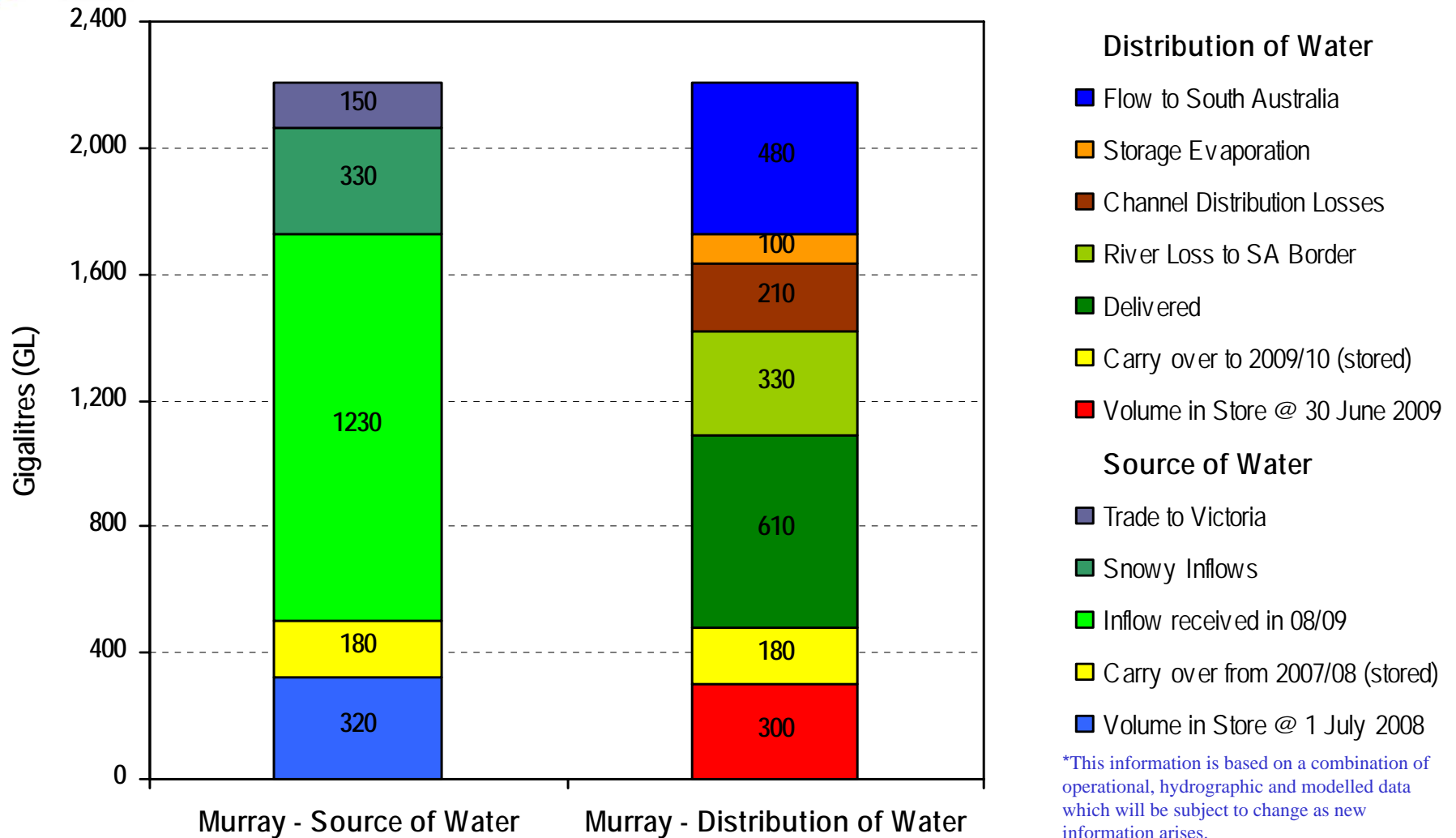


Questions



Murray System

Breakdown of Water Resources and Distribution for the 2008/2009 Season

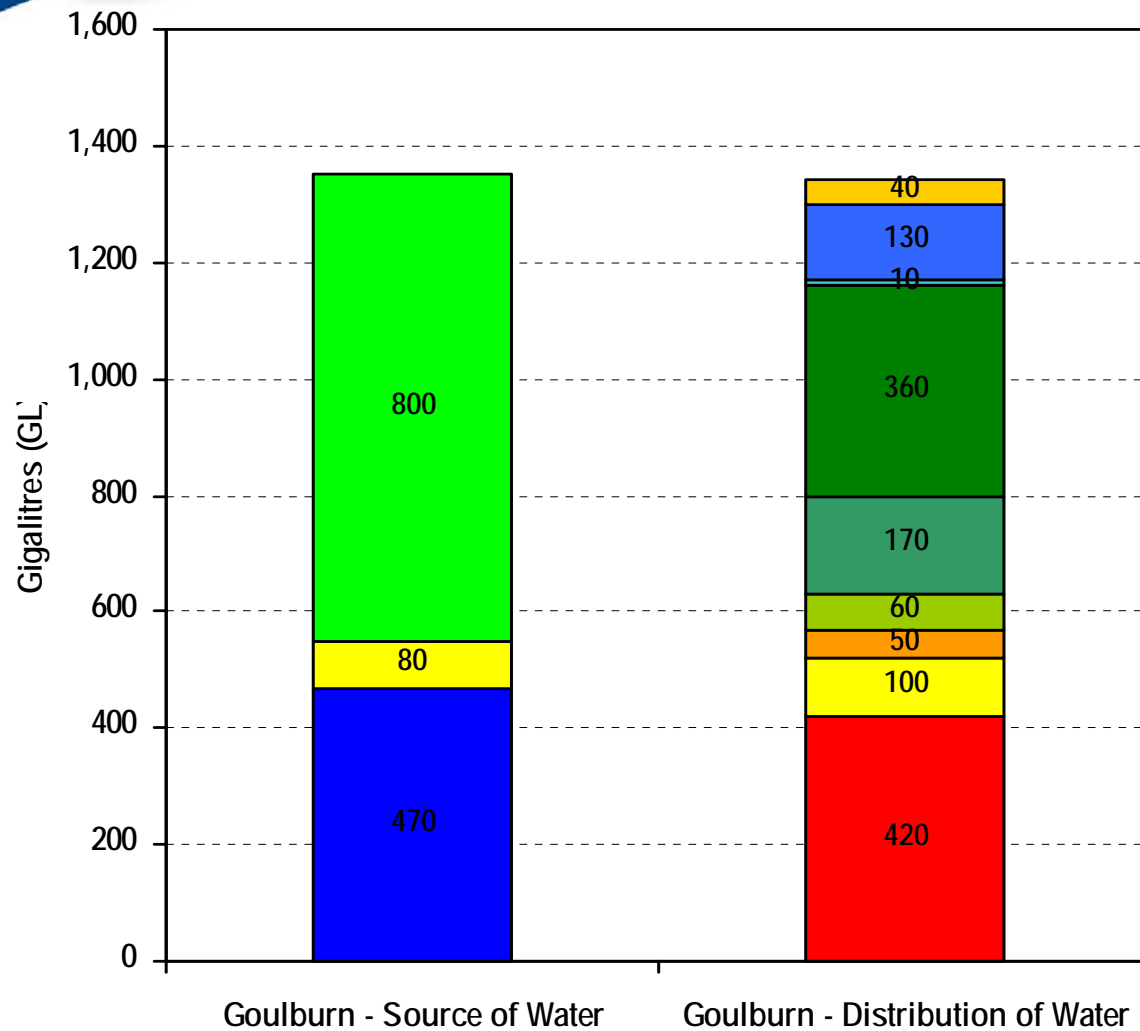


*This information is based on a combination of operational, hydrographic and modelled data which will be subject to change as new information arises.



Goulburn System

Breakdown of Water Resources and Distribution for the 2008/2009 Season



Distribution of Water

- Broken Creek and IVT delivery
 - Goulburn Weir Release
 - Urban Deliveries in channel network
 - Total Irrigation Deliveries
 - Channel Distribution losses
 - River Losses
 - Storage Losses
 - Carry over to 2009/10 (stored)
 - Volume in Store @ 30 June 2009 (incl. Goulburn Valley Account)
- ### Source of Water
- Inflows received in 2008/09
 - Carry over from 2007/08 (stored)
 - Volume in Store @ 1 July 2008 (incl. Goulburn Valley Account)