

IMPROVED RIVER REGULATION OF THE RIVER MURRAY

Background

1. The consideration of the Improved Regulation of the River Murray (IRRM) project by all jurisdictions has been detailed and extensive. The Basin Officials Committee (BOC) agreed at meeting 47 to an updated calibration for the operational loss (oploss) equation that will form the technical basis for the proposal.
2. In considering the technical solution, all jurisdictions recognised and agreed that the change to the oploss equation was a key component to the package model run. The out-of-date calibration impacts on the model with too much water being released from Hume dam and thus Lake Victoria being over-full. This in turn results in less demand on the reconfigured Menindee lakes and thus the evaporative savings and associated SDL adjustment are reduced.
3. The outstanding issue is the policy question of whether the updated oploss equation is included as a non-mandated benchmark change or as a supply measure.

Policy Discussions

4. At the BOC meeting on Thursday 15 June 2017, the IRRM project was discussed. It was agreed that the Murray-Darling Basin Authority (the Authority) would undertake two model runs for IRRM:
 - (a) as a non-mandated benchmark change; and
 - (b) as a supply measure.
5. If the BOC agrees by September 2017 to an approach that secures enduring environmental outcomes, which may include environmental water entitlements or equivalent arrangements, then the draft determination can be based on the supply measure option. Alternatively, the non-mandated benchmark change option would need to apply.
6. The Authority has confirmed that it is able to model both the non-mandated benchmark change and supply measure option over July and August 2017 but has noted that this will result in the modelling team being fully committed.

Supply measure

7. The remaining issue for including IRRM as a supply measure is for the jurisdictions to agree on an approach that secures enduring environmental outcomes. There are a range of outcomes that could provide enduring environmental outcomes, including creating an entitlement and/or defining a process that gives the jurisdictions confidence that the changes in river operations will be enduring.
8. South Australia has indicated a preference for an entitlement that reflects the volume and timing of the water savings as a result of the updated oploss equation. To allow assessment of the volume and type of allocation that would be appropriate the Authority will model IRRM as a supply measure (i.e. it will only be applied in the package run and not in the benchmark).
9. Jurisdictions could also agree changes in the regulatory environment to provide multiple avenues of review and oversight for the River Murray to ensure that changes in river operation remain consistent with the expectations of the jurisdictions. This option was presented to the BOC on 11 May 2017.

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10. With IRRM included in the package measure, the Menindee project will be able to deliver its full potential benefit.

Non-mandated benchmark change

11. To implement IRRM as a non-mandated benchmark change requires the Authority modellers to incorporate the new oploss equation in the benchmark model run. Being in the benchmark run means the updated calibration is also in the package run.
12. The change to the benchmark represents the minimal adjustment required to have the model adequately reflect the improvements in system operation that have occurred. Incorporating these changes are necessary to have the model fit for purpose for the proposed Menindee Lakes supply measure.
13. To enable the running of the package as a non-mandated benchmark change, the non-mandated benchmark change for IRRM has been included in **Attachment D**, with the caveat that it will only apply after September 2017 should BOC not reach resolution to an approach that secures enduring environmental outcomes (i.e. environmental water entitlements or equivalent arrangements). Both the BOC and the Authority will need to agree to this change.

Future steps

14. The Authority modellers have indicated that they will have initial results from the two model runs in mid-August 2017. To achieve this the Authority will have to redirect existing modelling resources to the SDLAM modelling and will have very limited capacity to consider other changes or refinements.
15. Proponents will have until mid-September 2017 to agree on an approach to securing enduring environmental outcomes. The outcomes from this discussion will be used as part of the Authority's public consultation on the SDL adjustment, due to commence in late October 2017.