

# Lachlan Customer Advisory Group Minutes of Meeting

**Location:** Video Conference

**Date:** 19 October 2021

**Time:** 10.00am

**Present:** Ed Fagan (Chair), Nick Turner, Tim Bell, Gordon Turner, Paul Devery, Mary Ewing, Joanne Lenehan, Gavin Rhodes, Tom Green, Bruce Campbell, Jonathan Dickson, Ajantha Prathab, Sri Sritharan, Shane Whelan, Rod Sharp, Rob Skewes, Emma Oates, Enrico Proietti, Sonia Townsend and Toni Hayes.

The following attended for specific agenda items: R Cocks, M Brooks, J Wilson, B Mayhew, D Stockler, L Zaw, A Webb, L Browne, C Shaw, S Boyd, L Garnier, G Inglis (WaterNSW), A Walker, K Andersen (DPIE), G Abood, C Tang, K Reynolds, N James (NRAR).

Meeting Opened: 10.00am.

- 1. Introduction and Acknowledgement of Country:
- 1.1 Welcome and introductions:
- **1.2** Apologies: Jock Coupland, Hilton Taylor.
- 1.3 Confirmation of Agenda Items:
- 1.4 Declaration of Interest(s):
- Declarations of interest were sought from attendees in relation to the meeting's agenda items. No
  interests were declared. Items included in the agenda are not considered confidential unless
  declared as such.
- 1.5 Minutes of Previous Meeting, 21 July 2021:
- Resolved the minutes of meeting held on <u>21 July 2021</u> be confirmed as a correct record. Taken as read.

E Fagan/J Lenehan carried

## 1.6 Actions arising from minutes

- See action sheet attached.
- 2. Assets

# 2.1 Asset Maintenance (B Mayhew)

- Asset performance and maintenance in the Lachlan valley presented and discussed, including routine preventative and corrective maintenance delivery. Almost 500 maintenance work orders have been completed.
- There have been flood operations in effect at Wyangala Dam recently with the storage up to 100%. WaterNSW's site maintenance team provides 24-hour coverage at the dam for the duration of flood events. We anticipate with the reservoir full, to call on the team to go into flood operations mode again over the next few months with further inflows.
- Customers stated there has been feedback around Jemalong that gauges have not been calibrated correctly therefore feeding incorrect information back to river operators, which resulted in inaccurate water levels being reported resulting in unwanted flooding events in Jemalong.
- WaterNSW advised that maintenance of the instruments is done by two key teams the instruments
  used directly to control structures are installed and maintained by the assets team and the gauges
  along the river are installed and monitored by the water monitoring teams.



**Action LAC2110.01:** Provide information regarding gauges and locations that are reading incorrectly to the water operations team for investigation.

Responsibility: N Turner / S Sritharan

# 2.2 Capital Plan Update (L Zaw)

- WaterNSW provided an overview on the capex component of the final IPART determination including Lachlan valley capital plan changes, fishways timing and initiated projects.
- Changes to the Capital Plan were presented with some works being deferred to the next determination - Carcoar Dam (electrical renewals and refurbishment of trash racks), Hillston Weir, Muggabah Creek Regulator and Cottons Weir (bank protection works) and Wyangala Dam (road renewal of dam precinct and workshop area).
- WaterNSW has approval for construction of the Lake Cargelligo Inlet Regulator Fishway (Pilot) to be constructed in FY23 (including replacement of the regulator). The Lake Brewster Diversion Weir and Booberoi Weir fishways have been deferred to FY25 (plan only), with construction FY26-29.
- WaterNSW is currently initiating the FY22 projects Lake Cargelligo Inlet Regulator and fishway (new regulator and fishway to ensure ongoing operability, maintainability and comply with DSU offset obligations); Lake Cargelligo embankment upgrade (construct full height filter buttress on d/s slope of the existing embankment and raise embankment crests) and Toriganny Weir (upgrade to address structural and WHS issues).

**Action LAC2110.02:** WaterNSW to provide information on the cost of the Toriganny Weir upgrade (total capital cost).

Responsibility: L Zaw

- Customers queried if there has been consideration to install an automated gauge at Lake Brewster, which would be useful to the management of the river. Given Lake Brewster forms part of the reset process (when there is a spill) it is imperative that everyone has access to the information in terms of the live data. WaterNSW conducts annual reviews of our capital plan so there may be an opportunity to include this however may mean something else will need to be excluded due to funding.
- CAG members stated they would like an opportunity to participate in the annual review of the capital plan. Taken as comment and feedback will be passed on to the Asset Planning team.
- WaterNSW advised that a proposal to repurpose some drought funding has been submitted to DPIE to install automatic level sensors at Lake Cargelligo and Lake Brewster outside of the IPART process.
   An update will be provided at the next meeting.

# 3. Presentations/Consultation:

## 3.1 Water Reform Implementation Plan (WRIP) Update (R Cocks/M Brooks/A Walker)

## Non-Urban Metering Reform Update

- WaterNSW provided an update on the non-urban metering reforms, including a recap on the roll
  out dates, metering requirements for surface water, groundwater and at-risk groundwater sources
  and what water users need to do now (check details, see if the rules apply to you, and engage a
  DQP).
- Customers can choose to make an authorised work inactive to be exempt from the metering rules. This does not mean surrendering it. To make a work inactive, customers must complete the application form and pay an administration fee. Once inactive, customers will not be able to use their work to take any water, including basic landholder rights. Unregulated and groundwater customers will be billed on a one-part tariff (full entitlement charge).
- Customers questioned if the one-part tariff includes surface water. No, there is no one-part tariff on surface water (only unregulated and groundwater). Per action LAC2107.03, the two-part tariff is not available to a customer with an inactive work. It is only available if a meter is in place.



- All works captured by the metering rules will need to be fitted with a pattern-approved meter by
  the regional rollout date. It may be possible to keep an existing meter if it was installed before 1
  April 2019. For more information, please refer to the DPIE leaflet Non-Urban Water Metering in NSW:
  what water users need to know.
- The rules require all meters to have a local intelligence device (LID) even if not connecting to telemetry and the LID must be registered in the DAS. It is the water user's responsibility to ensure they purchase a fit-for-purpose device that meets their needs. A list of compatible data logging and telemetry devices can be <u>found here</u>.
- **Faulty metering equipment** must be reported within 24 hours by completing the <u>online s91i form</u> on WaterNSW's website and must be repaired within 21 days or submit a <u>request for an extension</u>.
- DPIE and NRAR have a number of resources available to help water users understand the new metering rules, including a <u>Metering Guidance Tool</u>, <u>Non-Urban Water Metering In NSW: what water</u> <u>users need to know leaflet</u> and <u>compliance fact sheets</u>.
- DPIE has conducted a number of communication and engagement activities to ensure affected water users are aware of their obligations under the new rules, including >10,000 letters, 4,000 emails, 2,500 text messages and 4,000 direct phone calls, and will be conducting virtual field days on 28 and 29 October 2021.
- There are a number of programs available to support uptake of telemetry and metering including a telemetry rebate of \$975 per device for eligible water users, applied as a credit on a water bill against invoiced telemetry costs. DPIE expects this to be formally commenced by end of year and will be applied retrospectively when connected to the DAS. Water users do not need to do anything for the rebate to be applied.

#### What's New:

- There is a **new exemption for small domestic and stock users** that applies to pumps <100mm or bores <200mm that are **used solely** to take water under a domestic and stock water access licence; do not take water from an 'at risk' groundwater source; and are not on properties with other works captured by the metering rules. DPIE expects to have the amendments in place before 1 December 2021. Water users who have been affected by this exemption will be contacted by DPIE.
- Policy Clarification: Through the rollout it became apparent there is a technical legal situation where if a water user has installed a work that is smaller than stated in the work approval then technically, they are in breach. The NSW Government is in the process of making policy changes to clarify that a water user can install a work that is smaller than authorised on a work approval. Once passed into law, water users will be required to inform their licensing authority if this is the case. This will negate the need to amend a work approval and will not incur a fee. Further information will be provided as soon as available.
- Customers questioned if DPIE recommends water users wait until the amendment comes into effect and if so, where do we stand if there is an inspection. It is fair to say that water users are in an interim position. The advice is to understand whether this applies to you (what your work approval authorises and what is on ground). For those who need to comply by 1 December this year, for greatest peace of mind they should amend the work approval, which will guarantee the rules don't apply. Where the size difference has no bearing on the need for a meter, there is scope to wait until the policy changes comes through.
- Customers highlighted that most of the groundwater in NSW is defined as at risk and stated it would be useful if the messaging is much clearer around that. Some people have not understood they are in an at-risk water source and not aware they need a meter. DPIE agreed and advised the Metering Guidance Tool is being updated to clarify at-risk water sources (click here for more information on at-risk groundwater sources).
- It is recognised there are mobile blackspots in parts of the state where telemetry does not work appropriately. WaterNSW is in the process of engaging a satellite provider to provide a telemetry service in these areas and DPIE is developing a toolkit to help DQPs determine whether a site is a



- blackspot. Water users can apply for a **temporary exemption** under clause s233 of the Water Management (General) Regulation 2019 if this applies to them.
- Customers questioned if this is a different exemption to the s91i exemption, stating there is misunderstanding around when a s91i is and isn't required. WaterNSW stated that an s91i is not required for equipment that has not been installed yet, it is only required when existing equipment is faulty. Water users who receive a s233 exemption will be required to keep alternative records (logbook etc) which will cease when coverage is available. There may be an option to leverage the information that is recorded on the LID.
- DPIE is aware of the feedback on the process and timeframes around s233 exemptions and is addressing this. We expect an increase in the volume of exemption requests by water users in blackspots and are working with the team to streamline the process.
- Customers questioned where the practical implementation of these rules is up to. DPIE advised the government is taking a practical approach to implementation and there have been recent announcements to demonstrate that. WaterNSW, as the licensing authority, has also made some changes to inactive works to streamline the process (eg stat dec to say work is disconnected rather than photos). Water users who have a bore under BLR and an access licence may face a difficult decision if they choose to inactive their work. If they de-link it they can use BLR, but if they choose to relink the access licence they will need to go through reassessment. DPIE is looking at other options to allow water users to 'switch off' their right to take water under an entitlement without switching off the ability to take water under BLR.

## 3.2 NRAR Compliance Update (G Abood - NRAR)

- NRAR provided an update on tranche 1 compliance rates for affected works under the non-urban water metering framework, including work previously done, state-wide statistics and NSW regional breakdowns. The Lachlan valley is in tranche 3.
- State-wide compliance increased from 23% in July to 54% in September (rates only apply to active works in tranche 1, >500mm surface pumps). For the Lachlan, compliance increased from 13% to 95%.
- To show reasonable effort towards compliance, NRAR expects all water users who need to comply by 1 December 2021 to have a formal engagement with a DQP before 1 December 2021 or have commenced one of the alternative pathways to compliance.
- The tranche 2 compliance approach will be on a risk-based approach to monitoring compliance, focussed on high volume water users. Compliance will be monitored in a variety of ways including from the DQP portal and the DAS. Reporting will be on compliance rates as major milestones.
- Over the coming weeks and months, NRAR will celebrate the compliant, enforce the laws and ensure fairness for the compliant, monitor changes in compliance rates, check up on DQPs and get tranche 2 and 3 water users to act.
- Customers highlighted to NRAR there will delays, particularly for smaller users, with DQPs putting smaller works at the bottom of their lists. The timeframe water users have been working to has been pushed back by DQPs due to lockdowns and COVID (works that were scheduled for July now won't get done until 2022).
- Irrigation Australia offers Meter Validation and Installation courses for water users (or others) to become a DQP. For more information see <a href="https://www.coie.com.au/course/meter-installation-validation/">https://www.coie.com.au/course/meter-installation-validation/</a> or go to the Irrigation Australia webpage at <a href="https://www.irrigationaustralia.com.au/training">www.irrigationaustralia.com.au/training</a>



## 3.3 Floodplain Harvesting Update (K Andersen – DPIE Water)

- On 30 April 2021, amendments to the Water Management (General) Regulation 2018 were proposed to give legal effect to the Floodplain Harvesting (FPH) Measurement policy (licensing process, measurement requirements and exemption for rainfall runoff collected in a tailwater return drain). On 6 May 2021 these amendments were **disallowed** in the Upper House of NSW Parliament, however the NSW Government remains committed to policy implementation and FPH regulation.
- An inquiry was announced in June 2021 and a Select Committee formed to report on the Government's management of FPH, including the legality of FPH practices, the water regulations published on 30 April 2021, and how FPH can be licensed, regulated, metered and monitored so that it is sustainable and meets the objectives of the WMA (2000) and the Murray-Darling Basin Plan. The final report is due 30 November 2021.
- Hearings for the inquiry took place recently, with a range of stakeholders called over 3 days. A significant issue is how surface water legal limits on water take are defined. NSW operates under 3 separate extractions limits cap on surface water diversions (the average volume of water that could have been taken with rules and infrastructure in 1993/94), long term average annual extraction limit (LTAAEL) and the sustainable diversion limit (SDL). FPH is included in each of these limits and the issuing of FPH licences will not change the legal limits, which already account for FPH.
- The FPH Measurement Policy was released in August 2020 with the key principles being that the measurement requirements must be accurate, auditable and tamper proof. All storages used for FPH must be fitted with accurate metering equipment and be validated by a DQP.
- DPIE has released a <u>fact sheet</u> to explain some myths regarding the north/south divide. Only 14% of inflows at Wentworth (the confluence) come from the northern basin, meaning the northern contribution to the southern basin is relatively small. 86% of inflows at Wentworth come from the Murrumbidgee and Murray rivers.
- In reality, the total impact of FPH licensing on average Murray inflows will likely be undetectable for 2 key reasons – floodplain flows provide localised benefits within a valley and FPH licensing won't change the water source limits. If FPH was to completely cease in the northern basin, it will give room for other forms of take to take its place and would have less than 1% increase in total inflows to the Murray.
- Customers noted there is interest in how the FPH regulation and the outcomes of the Upper House inquiry will affect the Lachlan valley, particularly the uncertainty around rainfall runoff. DPIE advised 286 submission were received in the review (including from Lachlan Valley Water Inc). Although the outcome of the inquiry is unknown, we don't anticipate it will result in not needing to have the exemption in place. It is believed the Minister's preference is to reintroduce the amendments as they stood before the disallowance. More will be known when the final report is released.
- Customers questioned the anticipated rollout date for the southern valleys. DPIE advised it will
  depend on the Government's decision about investment of resources in rolling out the policy statewide however we believe it is coming. At this stage the Government has not made a commitment
  outside of the 5 northern valleys.
- For more information visit <a href="https://www.industry.nsw.gov.au/water/plans-programs/healthy-floodplains-project/nsw-floodplain-harvesting-policy">https://www.industry.nsw.gov.au/water/plans-programs/healthy-floodplains-project/nsw-floodplain-harvesting-policy</a>. Questions can be directed to floodplain.harvesting@dpie.nsw.gov.au.

#### 3.4 Engagement Landscape – Customer Conversations (J Dickson)

 As advised at the last meeting, feedback on the Kitchen Table Kit has been extended to 30 October 2021. We are seeking grassroots feedback from irrigators and are keen to hear from you on what things you think we should spend time on.



 For more information or to download a copy of the Kitchen Table Discussion Kit, please visit https://www.newdemocracy.com.au/water/

#### 3.5 CAG Charter Update (J Dickson)

- As part of IPART's audit process, WaterNSW was asked to amend wording in the CAG Charter to elaborate on the types of issues discussed at the CAG. Proposed changes included with business papers.
- Customers commented that the inclusion of asset operation and maintenance links to the earlier discussion about CAG involvement in reviewing capital plan programs (agenda item 2.2), noting that previously the CSC was very effective in providing input to WaterNSW about capital projects that would provide benefit to customers in terms of improving river operations and projects that would be potentially supported by customers. Expanding those issues to include advice on capital expenditure priorities would be useful. Noted, per agenda item 2.2 this feedback will be passed on to the Asset Planning team.
- The Lachlan CAG supports the proposed amendments to the Customer Advisory Groups Charter as tabled.

# 3.6 CAG Term of Office – 2022-25 (J Dickson)

- The current term of office for the CAG ends on 30 June 2022. WaterNSW will call for nominations for the 2022-25 term during February and March 2022.
- Letters will be sent to all existing members and water user groups in February 2022, as well as advertising in The Land, The Farmer Magazine and local media.

## 3.7 Water Insights Portal Update (J Dickson)

Recent enhancements to the Water Insights Portal include hourly reporting on all active gauges, all
water quality (and special water quality view), limited download function, schematics for all
regulated valleys and for the Barwon-Darling, volumetric view of resumption of flow.

# 3.8 WAVE - Coming Soon (J Dickson)

 In coming months, WaterNSW will be progressively releasing functionality on an online Customer Portal to support customers with lodging applications, viewing account balances, paying and accessing bills, updating contact details and communication preferences and will also include links to the water register, WPS and interactive maps.

## 3.9 Regulatory Economics – Pricing Determination Update (J Dickson)

- IPART has released its <u>final determinations</u> for WaterNSW Rural Bulk Water and WAMC prices to apply from 1 October 2021 and included new charges to recover the costs of non-urban metering reform.
- IPART's decision on rural bulk water charges resulted in increases of about 30% on average across all valleys, with tariff structures largely maintained. For WAMC charges, the result was increases in total water management charges over the 2021 period by, on average, 16% for regulated customers, 8% for unregulated customers, and 3% for groundwater customers. Due to affordability concerns, IPART has capped WAMC increases at 2.5% per annum with any shortfall recovered from Government.
- IPART reviewed WaterNSW's proposed costs and found that WaterNSW needs higher levels of operating expenditure to maintain its assets to an acceptable quality and that increased infrastructure investment is prudent and efficient.
- MDBA and BRC pass-through charges have been set at full cost recovery for both determinations.
- IPART has also introduced several new charges to recover the prudent and efficient costs of implementing the non-urban metering reforms, including a scheme management charge, a



telemetry charge, a non-telemetry charge and two additional charges to apply to customers with Government-owned meters. IPART's modelling suggests some charges will decrease over time as voluntary telemetry uptake increases.

- In the Lachlan valley, Opex has increased by 46% (18.9% less than proposed by WaterNSW) and Capex has increased by 128.8% (33.7% less than proposed by WaterNSW). Forecast usage volumes are also 11.6% lower than those used for the 2017 Determination, which puts upward pressure on prices. Offsetting these factors are a lower cost of capital (WACC), which has decreased from 3.1% to 1.8%.
- Breakdown of the decision on customer share of revenue requirement for the Lachlan valley over the 2021 Determination and drivers for change since the 2017 determination period presented.
- Customers questioned if WaterNSW proposed a different methodology for forecasting other than
  the 20-year rolling average as this method doesn't appear very fit-for-purpose. WaterNSW advised
  that it was involved in these discussions, however IPART set the rules around how the forecast was
  to be applied, including the use of the 20-year rolling average.
- Customers questioned if the Wyangala Dam planning processes are funded by Government.
   WaterNSW advised the funds provided do not include the dam wall raising at Wyangala Dam as this was a grant which came out of emergency drought funding. From 1 July 2021, responsibility for this project transitioned to Water Infrastructure NSW. For more information visit the project webpage at <a href="https://water.dpie.nsw.gov.au/water-infrastructure-nsw/dam-projects/wyangala-dam">https://water.dpie.nsw.gov.au/water-infrastructure-nsw/dam-projects/wyangala-dam</a>
- Customers questioned what drove WaterNSW Opex to increase by so much. WaterNSW advised that significant drought followed by significant flooding has had an impact. We are required to do what is needed, not just what is within budget. We have to overspend at times and IPART takes this into consideration. Customers stated there have been more drought years than flood years and this should be taken into account when forecasting budget.
- Customers highlighted that a significant issue for the Lachlan valley is underuse and an increase of 45% in operating costs will not help that. For businesses, such an increase on costs on a revenue stream that is stagnant is unsustainable. The increase will be hard for many, with the Lachlan valley having the largest increase across the state. Taken as comment.
- Customers noted that with the high cost on use, irrigators have to think very carefully about whether to start a pump up. The more the price goes up on use, the less irrigators will use. Makes a strong case for fixed pricing. WaterNSW stated that these are the comments we would like to see in the Customer Conversations submissions from customers (refer agenda item 3.3). The Government and IPART need to hear this and that process is an opportunity for customers to raise these issues.
- Customers commented that it is difficult to have confidence in WaterNSW's budgeting ability (eg budget zero for overtime but blow out by \$5M). Taken as comment.
- Customers stated that water users 'on ground' are ropeable in regard to costs however there is no choice as WaterNSW is a monopoly business and there is no alternative service provider. If we don't control our costs we will go out of business There is no confidence in the people doing the budget.
   Taken as comment.
- Customers commented that they are aware of the challenges, however many have been on the CSC/CAG for over 15 years and have been through numerous pricing negotiations with IPART, however have never seen this level of increase before. CPI is a given but to see an increase of 46% in 4 years is wrong and is seen as empire building and WaterNSW will see a reduction in use due to cost. Taken as comment.



#### 4. Business Papers:

Noted and taken as read.

# 5. General Business:

## 5.1 Water Resource Plans Update (J Dickson)

At the recent CAG Representatives meeting, questions were tabled suggesting the MDBA had rejected some NSW WSPs. WaterNSW reached confirmed with DPIE that the MDBA has not rejected any WSPs but indicated some issues with some WRPs which were sent back to DPIE for review and comment. DPIE is now considering its response to concerns raised as the MDBA believed they didn't meet the basin plan requirements.

# 5.2 Wyangala Dam Project (E Fagan)

- Customers requested that at the next meeting the plan for costs and operations during construction of Wyangala Dam wall raising be discussed as it will affect the availability of water to the whole valley. The CAG needs certainty on plans for periods where the dam needs to be dropped and how charges are going to be applied due to releases being made in order to undertake construction.
- WaterNSW agreed to request Water Infrastructure NSW to hold a project-led stakeholder forum in Feb/Mar and invite all CAG members to participate.

**Action LAC2110.03:** WaterNSW to request Water Infrastructure NSW to hold a project-led stakeholder forum on the Wyangala Dam wall raising project to discuss: engagement and planning on construction impacts; dam levels during construction; timeframe for low levels during construction; fee relief for fixed charges during construction; and other customer concerns.

Responsibility: J Dickson

**Meeting Review and Close** 

Next Meeting: 16 March 2022

Meeting closed: 1.30pm





	Carried forward actions					
Action No.	Action	Responsibility	Status			
LAC2107.03	WaterNSW to provide clarification on customers will still have access to the two-part tariff if they make their works inactive	D Swift-Hoadley	Complete.  The two-part tariff is not available to a customer with an inactive works. It is only available if a meter is in place.  Customers questioned if the one-part tariff includes surface water. No, there is no one-part tariff on surface water (only unregulated and groundwater).			
LAC2107.05	NRAR and WaterNSW to discuss and provide clarity on where water order activity sits in relation to legislation and how users in the Lachlan should work with the water order process.	S Sritharan / G White	As the law stands today, there is a requirement for an approved water order to be in the system before any water is taken. This is what NRAR will look at.  The ability to make changes to a water order out of hours is an option using the Lachlan trial agreed to with Operations in 2019 (as presented previously, Out Of Hours Water Ordering Trial). This will provide a cover note to water users if they are audited. WaterNSW is keen to extend this trial to the Lower Lachlan this season.  Staff from System Operations recently met with Lachlan Valley Water and explored whether the water order procedures can be used to address minor exceedance. The System Operations Team will liaise with DPIE on whether they are open to these proposals.  Further discussion will take place at the Lachlan ROSCCo meeting after the CAG https://www.waternsw.com.au/supply/regional-nsw/roscco			





New actions					
Action No.	Action	Responsibility	Status		
LAC2110.01	Provide information regarding gauges and locations that are reading incorrectly to the water operations team for investigation.	N Turner / S Sritharan			
LAC2110.02	WaterNSW to provide information on the cost of the Toriganny Weir upgrade (total capital cost).	L Zaw			
LAC2110.03	WaterNSW to request Water Infrastructure NSW to hold a project-led stakeholder forum on the Wyangala Dam wall raising project to discuss: engagement and planning on construction impacts; dam levels during construction; timeframe for low levels during construction; fee relief for fixed charges during construction; and other customer concerns.	J Dickson			