

ACCC WMR Submission 091213

PUBLIC SUBMISSION ON PROPOSED AMENDMENTS TO THE WATER MARKET RULES 2009 AND WATER CHARGE (TERMINATION FEES) RULES 2009 by Mark Cameron on 13 Dec 2009

I am an irrigator in the MIA. Mostly I agree with the ACCC recommendations. I wish to talk about the use of non water volume units when defining delivery rights.

Rule 10, WMR – Security

Where delivery rights are no longer expressed in a water volume, I support the conversion formula approach.

Prior to the Water Market Rules (WMR) water delivery rights were defined in terms of a volume of water. There was no separate water delivery right, it was part of an irrigation right to water and as such expressed in terms of a volume of water. To comply with the WMR Operators have had to demerge the delivery right from the irrigation right. For irrigator transparency and certainty the conversion formula approach would seem mandatory.

Regardless of the label into the future, in the past an irrigator's delivery right has been a share of a channel system expressed in terms of our irrigation right. To promote greater irrigator certainty as Operators transition to operate under the new WMR, it should be extremely clear how the new delivery right was arrived at, that it is not less than the delivery arrangement prior to the birth of the delivery right, and that it is consistent with other right holders.

While the unit of measure of the new delivery right into the future might be 'flow rate share', this is not the creation of a new product/service but the rebadging of an existing one. Understanding that Infrastructure Operators may wish to offer different delivery services to its member customers into the future it should not be done at this time the birth of the delivery right. Irrigators need protection that the creation of this delivery right leaves them with no lessor rights to the delivery of water as they had before.

Into the future the conversion formula approach would promote a more equitable role out of delivery service products. These delivery service products would be on the same level and share in the delivery systems capacity rather than some being displaced by other service levels.

My thoughts are that inserting 'or equivalent units' into Rule 10 (1)(b) of the WMR would cover the issue of using non water volume units to define water delivery rights. I would think that the conversion formula model would be covered by such wording. Also as this section only has to refer to the need and opportunity for additional security, reference is only needed as to the property in delivery right.

So Rule 10(1)(b) would read: (inserts underlined, exclude deleted)

the person holds a part of that irrigation right but the volume of water to delivery of which the person is entitled or equivalent units under the water delivery right is more than 5 times the volume of water of the irrigation right held by the person (excluding, if the person holds a part of an irrigation right as provided in subrule 7(8), the volume of water taken to be the share of a fixed network loss);

I understand that Murrumbidgee Irrigation (MI) does not prefer this as it wishes to promote an idea that it must have increased delivery flexibility to rationalise its operations without having to dually compensate those that it reduces its delivery service to. It must be noted that any increase in Operator flexibility comes with a decrease in irrigator delivery certainty and security.

This Rule 10 of the WMR only deals with what security might be needed. This rule does not refer to any entitlements that a delivery right holder may have only that delivery rights are defined in such a way that they relate to the need for security. If an Operator wishes to avail itself to the prospect of security over delivery rights then it must create delivery rights that relate to what we currently hold. That is relate to a water volume. This seems to be a fair balance between the irrigators need for delivery security and the Operators need for payment security.