

PEEL VALLEY WATER USERS ASSOCIATION INC.
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Independent Pricing and Regulatory Tribunal of New South Wales
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Submission to IPART – Bulk Water Prices from 2006/07

At the Public Meeting held at Moree on the 1st February 2006 by the Independent Pricing and Regulatory Tribunal into Bulk Water Pricing from 2006/07, as the representative of the Peel Valley Water Users Association (Laurie Pengelly) in my presentation to the Tribunal members stated that *“the reliability of supply of water to the General Security water users in the Peel Regulated system was so low that we were effectively unregulated users and that IPART should apply unregulated pricing to the general security users in the Peel regulated system”*. It would appear that this statement significantly understates the seriousness of our situation.

Data presented to the Chaffey Dam Upgrade, Community Reference Panel (CRP) Meeting held on 7th April 2006, stated that *“at the current capacity of Chaffey Dam (62GL) the probability of an 80%+ allocation on 1 July drops dramatically from about 60% to 0% when high security demand increases from the current 10 GL/a to 12 GL/a.”*

Unfortunately the General Security Water users of the Peel are already halfway there to this disastrous situation as the Peel Water Allocation Plan for both the 2004/05 and 2005/06 water years has factored in a high security demand of 11 GL/a.

The Peel Valley Water Users Association is aware that this submission is late in the process but feels that the situation in the Peel is so serious that the information put before the Chaffey Dam upgrade CRP should also be put before IPART so that the Tribunal will be in a position to make a fair and reasonable price determination for General Security Bulk Water supplies in the Peel Valley.

The information provided to the CRP was compiled by GHD Pty Ltd under contract to State Water Corporation and examines the need for the augmentation of Chaffey Dam as part of the proposed Safety upgrade. Only some of the issues in this report will be raised in this submission but I'm sure that State Water would be happy to provide IPART with a copy of the complete document.

SECTION 4 IQQM modeling (page 11 GHD report)

The irrigator behaviour modeled in the current IQQM unlike previous Peel IQQM models (reference PVWUA submission to IPART 5.11.05) shows a strong negative correlation between irrigation diversions and rainfall, which is consistent with experience in the Peel Valley as previously reported to IPART.

Reference

- Peel Valley Irrigation Requirements as a Function of Rainfall-PVWUA 14.5.03
- Assessment of the Potential Impacts of the Proposed 100 Per Cent Effluent Reuse Farm on the Irrigation Industry of the Peel Valley – UNE – Evans and Wolfenden. January 2003.

IQQM model was used extensively to examine various scenarios and the results should be close to the mark given the revised irrigator behaviour factored into this model.

SECTION 4.5.3 (page 12 GHD report)

Effect of Chaffey Dam Capacity with & without Effluent Offset Flows.

Recently Tamworth Regional Council have decided that all sewerage effluent will be reused in its own effluent disposal farm. When such a scheme is completed, the return flows to the Peel River from the treatment plant will cease.

The sensitivity analysis of the effluent offset scenarios modeled effectively showed that the loss of these return flows will

- Reduce annual average irrigation diversions
- Reduce the available and reliability of general security water
- Reduce the reliability of Tamworth's water supply

The cumulative impact of these reductions can only have serious impacts on the General Security users of the Peel who are now facing the prospect of a 4th consecutive year of a zero start of year allocation.

SECTION 6.1.1 General Security Water (page 20-21 GHD report)

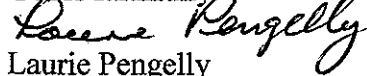
The reliability for general security (irrigation) is primarily affected by increasing demand for high security water. The performance of the supply system in relation to general security users was assessed and the following conclusions were drawn from the analysis.

- At present the irrigators have reliability of supply below the identified minimum (The adopted minimum reliability level for general security entitlements is a 70% probability of announcing an 80% allocation on the 1st of July each year)
- At the current capacity of Chaffey Dam (62 GL) the probability of an 80%+ allocation on 1 July drops dramatically from about 60% to 0% when high security demand increases from the current 10 GL/a to 12 GL/a.

Given the various growth scenarios for the Tamworth population and housing growth it is highly likely that the high security demand will exceed 12 GL/a during the life of this IPART determination and the general security users of the Peel will have access to irrigation water well below that of an unregulated surface water resource which would have about a 60% probability of using 80% of entitlement during the water year.

The General Security bulk water price for the Peel should be set to reflect the reliability of supply, which will be lower than most unregulated resources.

Yours faithfully


Laurie Pengelly