



A GUIDE TO THE TRANSFORMATION RULES

This paper is provided purely as a guide to Murrumbidgee Irrigation's Transformation Rules and does not have any legal effect. This guide cannot be relied on in substitution for, and does not affect the interpretation of, the Transformation Rules or any contract, rules or other document that is binding on Murrumbidgee Irrigation or a customer.

1. INTRODUCTION

"Transformation" is where the share component of Murrumbidgee Irrigation's (MI) Water Access Licence (WAL) is reduced to allow a person's Water Entitlements (WE) associated with that WAL, to be permanently assigned to a WAL held by the person, or by a third party.

Transformation is governed by the Water Market Rules 2009 (Cth) which came into effect on 23rd June 2009. The transitional period of the Water Market Rules 2009 (Cth) finishes on 1 January 2010. Inquiries can be made to the ACCC by phone on 1300 302 502 or by e-mail to water@acc.gov.au.

This paper is designed to assist people in understanding transformation and MI's Transformation Rules.

2. INFORMATION AVAILABILITY

2.1 The following information is available on-line –

- 2.1.1 Water Market Rules 2009 www.accc.gov.au/guides;
- 2.1.2 Water Charge (Termination Fees) Rules 2009 www.accc.gov.au/guides.
- 2.1.3 MI's Transformation Rules www.mirrigation.com.au.

2.2 Information can be obtained from MI by –

- 2.2.1 Submitting a Form 24a – Intention to Transform Water Entitlements – Request for Information, for information about a customer's WE's and Delivery Entitlements (DE);
or
- 2.2.2 Contacting Customer Services by telephone on 02 6962 0200, for other information.

2.3 External Authorities

- 2.3.1 State Water Corporation (SWC) and the Department of Environment, Climate Change & Water (DECCW) manages delivery, use, and environmental impacts for External Permanent Transfers to a WAL. The risk and cost of meeting any SWC and DECCW requirements will be met by those persons (other than MI) involved in the transformation.

- 2.3.2 The NSW Land and Property Management Authority (LPMA) manages the registration of WAL's.

3. PROCESSES

3.1 Applications

- 3.1.1 Application forms are available at MI's offices in Hanwood and Leeton and on its website www.mirrigation.com.au.
- 3.1.2 Applications to Transform Water Entitlements must be submitted on a prescribed MI Form.

3.2 Approval Dates

- 3.2.1 The date on which MI registers the transformation after registration of the share assignment between the affected WAL's by LPMA.

3.3 Sequence Numbers

Sequence numbers will be issued to applications that meet all requirements as outlined on the application form. Details on sequencing protocols can be obtained from MI's offices or viewed at its website - www.mirrigation.com.au.

4. DISPUTES

4.1 A customer may give written notice to MI seeking Formal Negotiation if –

- 4.1.1 He/she believes that an application under Form 24a has not been responded to;
- 4.1.2 He/she believes the details provided by MI in response to a Form 24a are incorrect; and
- 4.1.3 Agreement is not reached on details provided by MI in response to a Form 24a within 10 business days of issuing the details.

4.2 A Formal Negotiation –

- 4.2.1 Is a genuine attempt by MI to reach agreement with the customer;
- 4.2.2 May include the appointment of a third person to resolve the dispute; and
- 4.2.3 Must be carried out within 30 business days from the date that the customer gives notice seeking Formal Negotiation.

5. FINANCIAL ISSUES

5.1 Application Fees

Applications requesting information (Form 24a) and applications to transform (Form 24) must be submitted with the prescribed fee.

5.2 Outstanding Accounts

Approval of Transformation Applications will be subject to satisfactory financial arrangements having been made with MI for payment of outstanding and accruing charges.

5.3 Bulk Water Charges

SWC & DECCW entitlements-based charges will apply until the effective date of transformation.

5.4 Termination Fees

- 5.4.1 For any DE's terminated, a Termination Fee in accordance with MI's Charges Policy will be payable prior to final approval of the application.
- 5.4.2 Applicants who retain all or some of the corresponding DE's will continue to meet all Charges that relate to those DE's in accordance with MI's Charges Policy.
- 5.4.3 Termination Fees must be submitted with the application. Applicable Termination Fee rates are available at MI's offices in Hanwood and Leeton and on MI's website www.mirrigation.com.au.

5.5 Disconnection Fees

- 5.5.1 For applicants who terminate all of their DE's, a Disconnection Fee in accordance with MI's Charges Policy will be payable prior to final approval of the application.

5.6 Security

- 5.6.1 If all of a customer's WE's are transformed, and DE's are retained, the Fixed Access Charges will be invoiced and payable annually in advance, and security will be required.
- 5.6.2 If some of the WE's are transformed, and the remaining DE's are more than five times the number of remaining WE's held, the Fixed Access Charges will be invoiced and payable annually in advance, and security will be required.
- 5.6.3 The value of the security is equivalent to the termination fees set in the year of transformation.
- 5.6.4 Security can take the form of one or more of –
 - 5.6.4.1 A charge over remaining WE's owned by the applicant;
 - 5.6.4.2 A charge over an unencumbered WAL held by the applicant;
 - 5.6.4.3 A bank guarantee;
 - 5.6.4.4 A cash deposit lodged with MI.

6. EXCLUSIONS

6.1 Transformation is not permitted for –

- 6.1.1 Domestic & Stock Water Entitlements (Categories 5 & 6);
- 6.1.2 Town Water Entitlement (Category 7); or
- 6.1.3 Internal HOU Surplus Water, Internal Maximum Extraction Water & Internal Extra Water, as defined in the Other Water Rules.

7. MAXIMUM ANNUAL EXTERNAL TRADE

If limits apply or are imposed under Government regulations they will be applied to the Transformation Rules.

8. EXCEPTIONS

Any exceptions to the Transformation Rules will be treated on a case-by-case basis consistent with the principles reflected in the Transformation Rules.

9. GLOSSARY OF TERMS

Water Allocation refers to <ul style="list-style-type: none">• Annual Allocation under a Member Contract• Annual Allocation under a Water Supply Contract• Water Allocation under a Water Entitlements Contract	Water Entitlements Contract refers to <ul style="list-style-type: none">• A Member Contract• A Water Supply Contract• A Water Entitlements Contract
Water Entitlements refer to <ul style="list-style-type: none">• Member's Base Allocation under a Member Contract• Base Allocation under a Water Supply Contract• Water Entitlements under a Water Entitlements Contract	Delivery Entitlements refer to <ul style="list-style-type: none">• Right to take water under a Member Contract• Rights to take water under a Water Supply Contract• Rights to take water under a Water Delivery Contract
Water Delivery Contract refers to <ul style="list-style-type: none">• A Member Contract• A Water Supply Contract• A Water Delivery Contract	Category refers to the type of water entitlement under a <ul style="list-style-type: none">• Water Entitlements Contract• a Member Contract

Important Note:

This guide is given for your information and every effort has been made to ensure its accuracy. MI does not warrant the accuracy, reliability or completeness of the information and excludes all liability for any decision or action taken on the basis of information included in or omitted from this guide.