

Delivery Entitlements

Frequently asked questions



Murrumbidgee
Irrigation

Delivery Entitlements (DEs) provide a simple and fair way to share the available flow rate during a supply restriction. Our channel system has a fixed capacity. The role of a DE is to share that capacity when required.

DEs have not changed since they were issued in 2011. What is changing, are the crop types and flow rate needs in our area. Customers are seeking more and higher flow rates to better meet their changed farming operations; and new crop types have different demand requirements. This is driving an increased interest in DEs and leading to expansion of our supply network in some areas.

Below are answers to some commonly asked questions on DEs. If you would like more information or to better understand what DEs mean for you please contact us on 6962 0200.

What is a Delivery Entitlement (DE)?

A DE is a share of the available flow rate in MI's network. Our channel system has a fixed capacity. The role of a DE is to share that capacity when there is a restriction. Restrictions occur either because orders exceed our supply capacity, or there is limited water available. In most years system capacity restrictions are limited and impact only a few days.

If I own Water Entitlements why do I need DEs?

Water Entitlements and DEs are two different things. Water Entitlements (WEs) provide an assurance of water availability, DEs provide an assurance of water delivery.

Over the last 20 years there have been a lot of changes to the legislation around water. The changes have resulted in Water Entitlements becoming a property right that can be traded. While water has been separate from land for many years, the government introduced further legislation, the *Water Act 2007 (Cth)*, which required Water Entitlement to be unbundled from delivery rights. This was to ensure that water could trade in and out of irrigation districts like ours. As a result, water and delivery rights are now separate.

The amount and type of water entitlements you have determines how much water you have available for use or trade (i.e. your allocation). The number of DEs you have determines your share of the available flow rate in MI's network (i.e. your flow rate share). This is important during times of system restrictions.

When were DEs issued?

DEs were issued in 2011. MI issued DEs to our customers as part of meeting our regulatory responsibilities under the *Water Act 2007 (Cth)*. This legislation required the unbundling of water into separate water and delivery rights. The *Water Act 2007 (Cth)* was the culmination of 20 years of water reform designed to promote and enable water trade.

How were DEs issued?

In meeting the new regulatory requirements, MI went through a process of terminating the old Member Contract and replacing it with two new contracts – a Water Entitlements Contract and a Water Delivery Contract.

Our Constitution was also changed and the initial issue of DEs was 1:1 in line with Water Entitlement. That is, for every Water Entitlement a customer held, a corresponding DE was issued.

Once issued, DEs became completely separate from Water Entitlements and tradable in their own right. This process took several years and from 2009 through to 2012 we wrote to customers, held shareholder meetings, facilitated customer shed meetings and attended industry forums to explain these changes and the regulatory requirements that created them.

How many DEs do I need?

That depends on your crop type and watering needs. Some crops require an assured flow rate to meet critical watering periods. Others are more flexible. Similarly, some watering systems need consistent flow rates while others can be stopped and started again with little crop impact.

For an assured flow rate of 1ML/day you require 150DEs, for 2ML/day 300DEs, for 5 ML per day 750 DEs and so on. If you would like to better understand what DEs mean for you please contact us on 6962 0200.

What if I don't have any DEs?

If you don't have any DEs, you can still have a Delivery Contract and order water. However, where orders exceed our supply capacity customers with DEs have priority for their water order. This means that in the event of a supply restriction your order will be suspended or cancelled.

How do I get DEs?

Customers who had Water Entitlements when the new contracts were issued in 2011 were automatically issued with DEs.

There are three ways to get more DEs:

- Apply to MI – DEs are issued free of charge provided that the flow rate capacity is available in that part of the network.
- Buy DEs on the market – DEs can be traded between MI customers. As you would expect, the price varies depending on the location. Trades are subject to MI approval that flow rate capacity is available in that part of the network.
- Expansion projects – In response to customer demand we are currently undertaking several network expansion projects. These projects are co-funded by MI and customers and in return for the capital co-contribution customers receive additional flow rate and DEs.

Will my flow rate be affected by the increased demand for DEs?

The increased demand for DEs is not happening uniformly across our area. To ensure that farms on our smaller channels (for example, those in the former gazetted horticultural areas) are not disadvantaged by these demand changes, we have quarantined some flow rate capacity at the regulators that supply these channels until 2020. This is to ensure that existing customers on small channel systems have had time to understand their flow rate needs, and adjust their DEs to take up available channel capacity if they choose.

What if there is no spare capacity on my channel?

Our objective is to ensure that our delivery network has the capacity to meet existing customers' most common (or usual) water order. Over the last 10 years we have been actively upgrading parts of our network where customers' usual demand exceeded our supply capacity (like on the Lake View Branch Canal). Once our network meets this minimum standard any future demand increase is considered on a case-by-case basis with options for customer co-funding for expansion projects (like the Northern Branch Canal).

What if I have too many DEs?

It is important that you have the right number of DEs for your farming business, firstly so that you are not paying for something that you don't need and secondly, so that you can be sure you will get the flow rate that you do need when you need it.

If you are unsure about how many DEs are right for your business, or want to discuss reducing your DEs, please contact us on 6962 0200.

Can I trade my DEs?

Yes. DEs can be permanently traded to another MI customer as long as they have a delivery contract and flow rate capacity is available in that part of the network.

If I have more than one property do I need to have DEs on all of them?

You should consider the needs of each of your properties separately. DEs provide an assured flow rate to an individual outlet or access point. If you have more than one outlet or access point and they are all within the same irrigation pool (i.e. between regulating structures) the total flow rate can be shared between them. Please contact us on 6962 0200 if you would like to discuss your flow rate needs for more than one property or outlet.

High Security Water holders used to get priority for delivery - has this changed?

Yes. This effectively changed with the *Water Act 2007 (Cth)*, and formally for MI customers when we issued Water Delivery Contracts and DEs in 2011. The separation of water and delivery rights means that priority for water allocation and water delivery are now separate. Customers with High Security Water Entitlement continue to have a higher priority for water availability (i.e. water allocation) than General Security Water Entitlement holders. Customers with more DEs have a higher priority for water delivery (i.e. flow rate share) than customers without DEs. This is irrespective of whether their allocation comes from High Security, General Security or temporary trade.

What if I want priority delivery, can I get premium DEs?

No. All DEs are the same. The more DEs you have the greater flow rate you will have in times of restriction.

How much do DEs cost?

The annual charge per DE is listed on our Schedule of Charges which is available on our website or by calling us on 6962 0200. Before our recent pricing review, annual DE charges varied depending on how many DEs you owned and whether you were in a premium or standard pricing group. There were around 12 different pricing groups each with 3 tiers of DEs. Under our new pricing structure (issued in 2017), all DEs attract the same annual charge reflecting our principles of easy to understand pricing and an integrated network. This means that irrespective of your location, water entitlement or crop type all DEs are the same.

What have DEs got to do with casual usage charges?

DEs are used to calculate Casual Use charges. These charges only apply when a customer uses a volume of water in excess of 120% of their DEs.