
Implementation of the Project Agreement to Produce Water from the Adelaide Desalination Plant to support the Water for Fodder Program

Progress Report 1

Report Due: 12 March 2020



**Government
of South Australia**

Department for
Environment and Water

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1. Project Outline

The Project Agreement to produce water from the Adelaide Desalination Plant to support the Water for Fodder Program (the Agreement) is an agreement between the Commonwealth of Australia and the State of South Australia (the State). The Commonwealth will fund the State to produce up to 100 gigalitres of water from the Adelaide Desalination Plant at the actual marginal cost of production and the State will transfer water allocations from entitlements held by the State in the Murray-Darling Basin (the Basin) to irrigators in the Southern Basin under the Water for Fodder Program.

2. Progress Report Detail

This is the first Progress Report for the Agreement. It relates to activities completed in the period ending 29 February 2020 under the first Milestone of the Agreement. The provision of this report to the Department of Agriculture, Water and Environment demonstrates the completion of these milestone activities.

3. Achievement of Milestone Activities

Milestone 1	
<u>Output</u> Production of water from the Adelaide Desalination Plant. Transfer of Murray Darling Basin water allocations to eligible farmers under the Water for Fodder Program	<u>Performance milestones or benchmark</u> Progress report confirming production of water from the plant, identifying the volume produced under this Agreement and that at least 20 GL of Murray Darling Basin water allocations have been transferred to eligible farmers.
Completion of Milestone 1 Activities for Reporting Period 1	
Evidence of Activity Completion for Reporting Period 1, and an explanation of any difficulties/delays.	
<u>Activity Status as at 29 February 2020:</u> Completed The total volume produced by the Adelaide Desalination Plant in the period ending 29 February 2020 and supplied to Metropolitan Adelaide for the purposes of this Agreement was 18.840 GL. This has been confirmed by SA Water. Refer Attachment 1. A total of 31.55 GL of South Australian Murray-Darling Basin water allocations held by the South Australian Government has been transferred to eligible farmers for the purposes of the Water for Fodder Program. Attachment 2 provides a summary of these trades. It is forecast that the remaining 8.45 GL of transfers will occur in March 2020.	

Attachment 1 – Confirmation from SA Water

Operation of the Adelaide Desalination Plant

Water for Fodder Program

February 2020 Update

Key Messages (cont.)

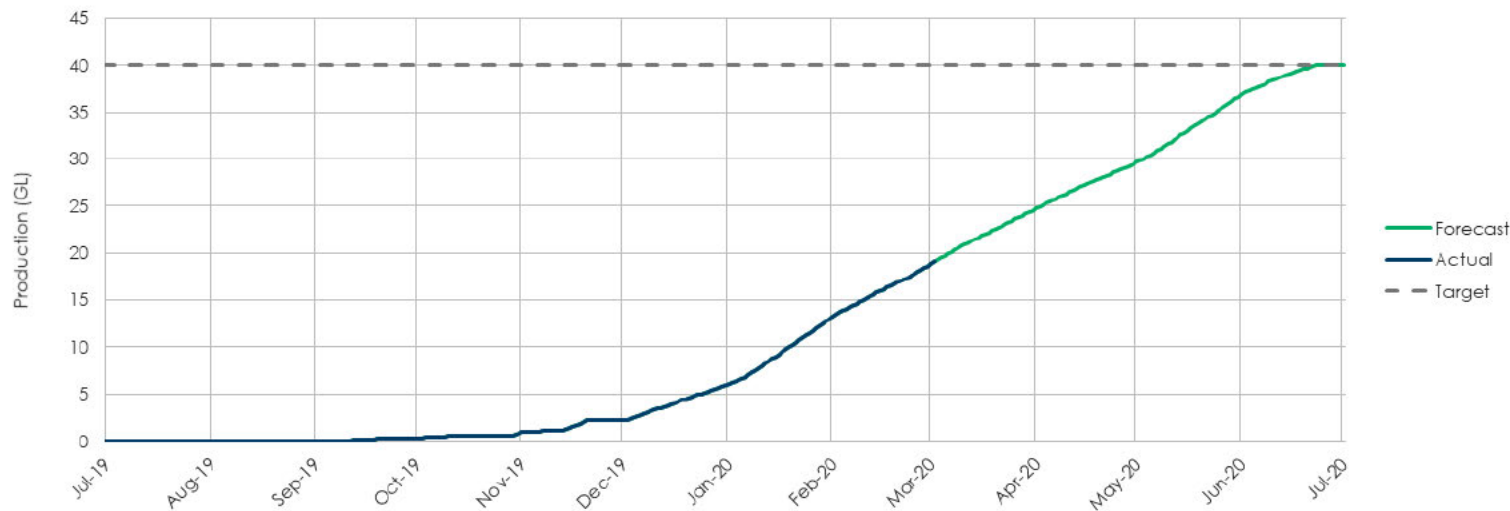
ADP Operational Performance

- The ADP is running to expectations and delivering to planned production.
- Financial year to 29 February **volume produced by the ADP was 18,840 megalitres (ML)**.
- In February production averaged 180 ML per day (60% of full capacity). No change to expected June completion.
- Actions to optimise chlorine levels appear to have reduced customer complaints significantly. Community engagement activities are planned for late March.

Water Allocation Transfers

- The full 40,000 ML has now been offered to successful applicants to the Water for Fodder scheme across SA, Victoria and NSW.
- 40,000 ML has been transferred to the Department for Environment and Water for trading to successful applicants on behalf of SA Water (as advised by the Commonwealth of Australia).
- As at 29 February **31,550 ML has been traded to successful irrigators.**

Cumulative ADP Production



- Year to date production has tracked closely to plan, approximately 47% towards the final target.
- Production planning indicates 40,000 ML is expected to be produced before end of June 2020.
- Risks to production include: customer demand, operational curtailment requirements, and plant operational availability and maintenance requirements.

ADP Financial Overview

Expenditure Item (\$'000)	Year To Date		Year End	
	Act	Bud	Fcst	Bud
O&M Service Fee				
AGL Electricity				
Membrane Costs				
Management /Admin				
Total Expenditure	14,083	15,638	32,500	32,500
Production (ML)	18,840	18,475	40,000	40,000
Marginal Cost (\$/ML)	747.5	846.5	812.5	812.5

- Year-to-date cost per megalitre continues to be below forecast due to strong energy efficiency performance of the ADP, chemical usage and price reductions.

Attachment 2 – Trade under Water for Fodder Program at 29 February 2020

Trade as at 29 February 2020		
Volume Traded (GL)	NSW	10.7
	Vic	20.35
	SA	0.5
	Total	31.55
Number of Trades	December	12
	January	135
	February	484
	Total	631

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