
Retail accounting arrangements for the North-South Connectivity Trial

This document summarises how held environmental water from the northern Basin is being protected in the southern Basin under trial arrangements and NSW's proposed retail accounting approach for the trial.

The north-south trial enables environmental water recovered in the northern Basin to be protected in the southern Basin

In November 2025, the Basin Officials Committee approved the trial arrangements until 30 June 2028. The trial seeks to enable protection of held environmental water from the northern to the southern Murray-Darling Basin by protecting environmental water recovered in the northern Basin when it arrives in the Menindee Lakes.

The environmental inflow is all held environmental water from northern Basin recovery, including purchases made under the Basin Plan. This is additional water that would not have arrived in Menindee Lakes prior to protection under active management rules, which have been in place since December 2020. To date, water users in the Murray and Lower Darling water sources have benefited from this additional water. Under the trial, the additional water is recognised and protected for the environment. This water is referred to as active environmental water (AEW).

The volume of these AEW inflows will vary from year to year. The MDBA undertook modelling as part of the Northern Basin Review in 2016. From this modelling, the MDBA estimates that the long-term average volume of AEW reaching the Menindee Lakes is about 150 GL/year.

The trial arrangements have been developed to avoid impacts on state shares

The MDBA was requested to provide assurance on the accounting for AEW through the Barwon-Darling system to the Menindee Lakes, to the satisfaction of the Water Liaison Working Group

(WLWG)¹. The assurance review was requested to ensure that there was no impact on either NSW or Victorian Murray users. This was completed and the MDBA concluded that the 2024 trial release did not compromise shared inflows or River Murray System water users' access.

The Murray Darling Basin Authority have developed trial arrangements, with input from Basin states, building on the information gathered during the 2024 initial trial release. These arrangements focus on operational issues and bulk scale water management to avoid impacts on state sharing arrangements. The trial arrangements do not cover the retail mechanisms, which Victoria and NSW are separately developing. The arrangements have been agreed on a trial basis so that operational, accounting and delivery arrangements can be further tested to make sure there are no material impacts on other entitlement holders.

During the trial, WaterNSW will report AEW inflows to Menindee to the MDBA. The MDBA will track this water in Menindee including the evaporation loss to be applied and any releases or spills of AEW.

When Menindee Lakes is a shared resource MDBA will co-ordinate the implementation of the trial with oversight from the WLWG and input from eWater holders. The WLWG will agree to the volumes available for release for environmental purposes and will manage potential risks, including risks to water quality or state sharing arrangements.

When Menindee Lakes is a NSW-only resource, Clause 95 of the Murray Darling Basin Agreement allows NSW to use the stored water as it requires. The drought management principles defined in the [NSW Murray and Lower Darling Incident Response Guide \(IRG\)](#) will be used to guide any release of environmental water from the lakes. MDBA will continue to track AEW during these periods.

Retail products are required to improve transparency

Retail accounting is required so the AEW inflows to Menindee Lakes can be transparently credited to either an account or a licence before being released under the trial.

Under the c107(1) of the MDB Agreement half of the water entering Menindee Lakes is allocated to Victoria. This means that Victoria has ownership over half of the AEW inflows. Victoria were not willing to change this arrangement under the trial and they have developed their own retail product.

The Victorian Minister for Water approved an amendment to the Victorian Environmental Water Holder's (VEWH's) Murray Flora and Fauna bulk entitlement, allowing them to hold and manage Victoria's share of AEW for the purposes of the trial. The entitlement took effect on the 16

¹ WLWG is a Basin Officials Committee subcommittee that provides advice to the MDBA on its River Murray System operational responsibilities under the Murray-Darling Basin Agreement. They also provide support and advice as required, to the Basin Officials Committee (BOC), the RMOC (and other relevant committees).

April 2026. You can find further information about the amendment and the entitlement here: [North-south environmental water trial](#).

NSW is proposing to adopt a specific purpose access licence (SPAL) which will be held by the CEWH. The CEWH will be required to consult with the NSW environmental water manager (CPHR) for each release.

Key proposed SPAL characteristics

The proposed product is a zero share SPAL. The key characteristics are:

- an account balance limit of 75 GL
- no limit on carryover apart from the account balance limit
- the account is credited at least monthly with:
 - 50% of AEW inflows to Menindee Lakes
 - AEW that Victoria spills to NSW due to state shares limit
 - AEW that Victoria transfers to NSW via an adjustment under clause 113 in the MDB Agreement. The trial aims to keep the AEW volumes in the NSW and Victorian bulk accounts equal and clause 113 adjustments may be required at times to either address imbalances or to enable one state to release on behalf of the other
 - when in NSW control, we will also credit a sub-account which allows us to release any AEW which is held by Victoria in the bulk accounts.
- account crediting ceases if BOC discontinues the N-S protection arrangements.
- account crediting must not cause NSW state shares to be spilled or the SPAL account balance limit to be exceeded.
- the account will be debited when the lakes spill; including spills from upper lakes which are not stored in the lower lakes. However, spilled AEW will be recognised and protected as environmental inflows to the Murray.
- the account is debited for increased evaporation using a method agreed by WLWG. The WLWG have adopted the most conservative set of assumptions to ensure that there are no impacts on other licence holders.
- releases can be from the upper or lower lakes. Victoria cannot make directed releases to the lower lakes, so in this case they will contribute half via a clause 113 adjustment if the release is made when Menindee is a shared resource.
- the account is debited for releases and also if we make a clause 113 adjustment to Victoria.

- use is subject to our approval if Menindee is in NSW control or if there is less than 250 GL of active storage in the upper lakes. This condition will enable us to consider drought requirements when deciding whether to approve the release.
- Allocation trades in are allowed where they are required to address account debits which occur due to accounting uncertainty. Trades out will not be allowed.
- CEWH are required to demonstrate that they have consulted with CPHR for each order.

Next steps

If you have any feedback about the proposed SPAL, please let us know by emailing water.enquiries@dcceew.nsw.gov.au. Feedback received by 6 July 2026 can be considered in the final design of the SPAL. You can still email us after that date if you have general feedback about the implementation of the trial.