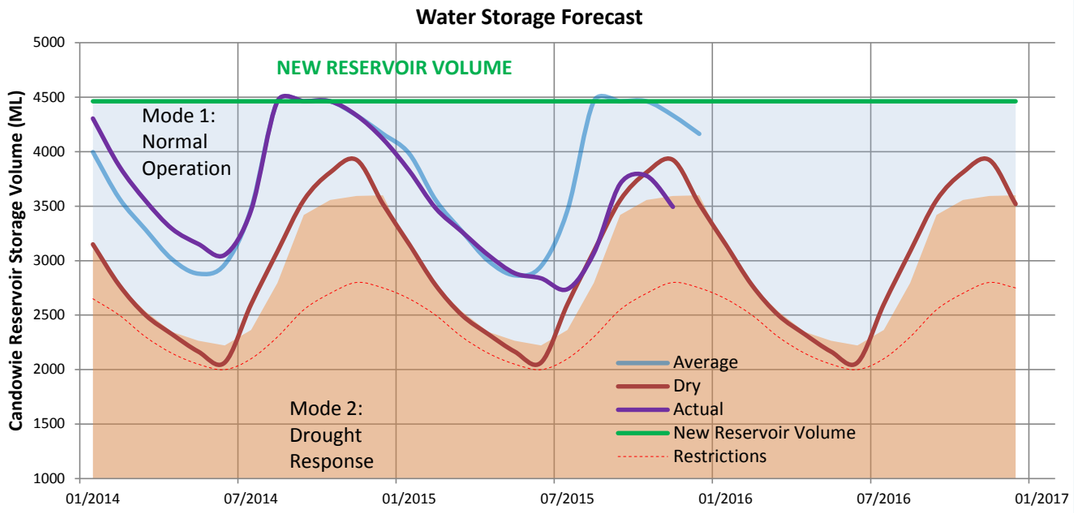
Westernport Water Water Security Outlook (Prepared: 27 November 2015)

Supply Outlook



NOTE: Candowie Reservoir was augmented during 2012 -2013 raising the full supply level from 2,263 ML to 4,463 ML providing a reserve to allow for low inflows or increased demand.

Forecast Scenarios:
Average: Average long term inflow, low demand
Dry: Average inflow 1997 - 2009.

Seasonal Rainfall Outlook:
The forecast from BOM for December to February is a 50% chance of average rainfall.

BOM advises currently in a strong El Niño in the Pacific and a positive Indian Ocean Dipole. Both these situations appear when the temperature of the oceans is high. This results in a drying influence across southeast Australia. This is likely to result in higher temperatures and lower streamflow. resulting in lower reservoir levels.

Current Status: Drought Response

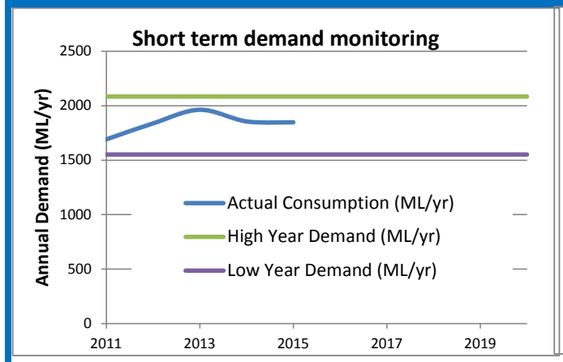
Likely Status Dec 2015: Drought Response Plan
Likely Status July 2016: Drought Response Plan

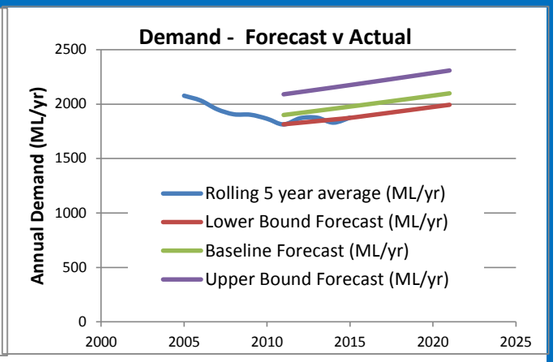
Based on current reservoir conditions (74.1% full at 27 November 2015) and BOM forecasts for reduced rainfall over the period, Candowie Reservoir storage levels have dipped into the range shown in this outlook. The Bureau of Meteorology is forecasting below average inflows to the Candowie system. The water level in Candowie is expected to be reduced over the next year.

This outlook indicates that the system will enter the Drought Response Mode in December 2015, and Westernport Water will institute weekly monitoring of the storage level in Candowie Reservoir to monitor the situation, activate Drought Management Team and commence community education and voluntary water conservation as detailed under 'Mode 2 - Drought Response' in the Drought Response Plan.

The outlook for the next year will reduce the water level of the reservoir but is not expected to reach Stage 1 restriction levels until June 2016 based on very low inflow into the Candowie Reservoir.

Demand Indicators





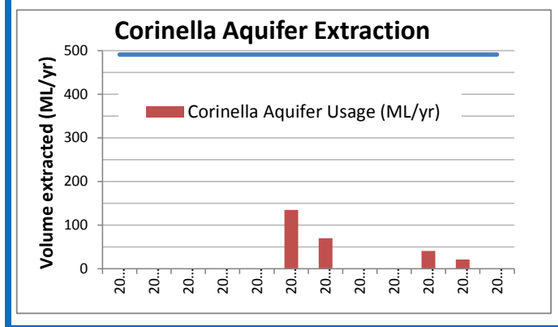
Demand Indicators:

Short term: Actual water consumption is tracking within the high annual and low annual demand scenarios used for the Water Storage Forecast. Demand is the same as last year tracking mid way but there is room to provide voluntary demand management to reduce the demand.

Long term: The rolling 5 year average demand indicates that demand is trending downwards to the lower bound forecast. Currently it is at the lower part of the band of the WSDS demand forecast range and is expected to follow the lower bound range for this year. Demand should continue to be monitored.

Environmental Flow Releases: Candowie Reservoir Upgrade provided for environmental flow releases downstream of the dam to improve river health, this will impact on water levels in the reservoir. Flow released down Tennent Creek was 182ML with an additional 382 ML spilling from Candowie Dam. (July 2014 - June 2015)

Supply Indicators



Supply indicators:

The Bass River pump station was not used to fill the reservoir in the 2014 -15 year. The Corinella borefield was not used for water supply .

The inflow from the catchment of Tennent Creek enabled the reservoir to be refilled to 3,822 ML or 85% of the new storage volume of 4,463 ML. This was the highest volume recorded for the past year (January 2015 - December 2015)

Actions and Responsibilities

Water Supply Demand Strategy Actions:

- Ongoing monitoring of the implementation of the WSDS and review after connection to Melbourne Headworks supply : *General Manager - Operations*
- Continuation of community consultation to better understand water use behaviours within the region: *General Manger - Customer Relations*
- The new reservoir volumes required revising of the restriction triggers and the operation rules to optimise pumping while minimising spills from the reservoir: *General Manager - Operations*

Drought Response Plan Actions:

- Ongoing monitoring as detailed in Drought Response Plan under Mode 2 - Drought Operation weekly updates Drought Management Team and demand management: *General Manager - Operations*
- Monitoring of levels weekly, monitoring daily demand , monitor bores and Bass River under the optimising rules to ensure the water volume in Candowie Reservoir is maintained at maximum levels.
- Review Drought Response Plan following completion of system connection to Melbourne Headworks supply: *General Manager - Operations*