



Summary of the Amendment: Hunter River Salinity Trading Scheme Amendment Regulation

Table 1 and Table 2 below provide a summary of the amendments contained in the Protection of the Environment Operations (Hunter River Salinity Trading Scheme) Amendment Regulation 2016 (the Amendment Regulation).

Table 1: Substantial amendments

Amendment	Rationale	Reference (in Amendment Regulation)
Clause 2 - Commencement Clause 2 of the Amendment Regulation specifies that the amendments will commence 3 months from the date of publication.	To allow time for implementation before the Amendment Regulation commences.	Clause 2 (page 2)
Flood flow thresholds – Clause 11 The amended clause increases the flood flow thresholds: <ul style="list-style-type: none">• from >4000 to >6500 ML/day in the upper sector• from >6000 to >16,500 ML/day in the middle sector• from >10,000 to >28,500 ML/day in the lower sector.	The flood flow thresholds were not high enough to accommodate simultaneous full capacity discharge by all participants without risking the flood flow salinity targets.	Schedule 1 [8] (page 4)

Table 2: Minor amendments

Amendment	Rationale	Reference (in Amendment Regulation)
<p>Clause 25 - Total allowable discharge Amendments to clarify how the total allowable discharge is calculated and to delete the examples.</p>	<p>The way the clause expressed and illustrated the total allowable discharge was unclear.</p>	<p>Schedule 1 [25] (page 8)</p>
<p>Clause 49C - Credit assignments – sector credits discount factors Amendments to permit credit assignments that move credits from a restricted sector to a non-restricted sector.</p>	<p>Under previous rules around the “transfer” of credits, the movement of credits out of a restricted sector (i.e. where a sector credit discount factor of less than one applies) and into a non-restricted sector was technically not permitted. However, issues only arise where credits are moved from a non-restricted sector into a restricted sector; only these assignments/transfers should be prohibited. Clause 60 previously contained the rules around ‘transferring’ credits when a sector is restricted. However, these rules have been removed from clause 60 completely as they are no longer applicable to credit ‘transfers’ between credit holders. The rules have instead been added to the new rules about credit ‘assignments’ to authorised discharge points, as part of new clause 49C.</p>	<p>Schedule 1 [41], [48] (pages 10, 12)</p>
<p>Part 4A (clauses 49A - 49D) and various other clauses – Assignment of credits to authorised discharge points Amendments to require a credit to be assigned to an authorised discharge point prior to use and to set out rules about how a credit may be so assigned, and to require assignments to be recorded in the Credit Register.</p>	<p>To assist the Services Coordinator in the scheduling and organisation of discharges during a discharge event.</p>	<p>Schedule 1 [13], [19], [22], [23], [27], [32], [36], [37], [41], [42], [43], [49], [51], [69] (pages 4-15)</p>
<p>Clause 63A and 64 - Credit Register details Amendments to clause 64 allow the Registrar (i.e. the EPA or a person or body appointed by the EPA) more scope to determine how credit transfers are recorded in the Credit Register. Amendments to reflect these requirements in the new credit assignment rules (clause 63A).</p>	<p>The Regulation only allowed limited details about credit transfers to be recorded on the Credit Register (e.g. the price of the traded credit could not be recorded).</p>	<p>Schedule 1 [51], [53], [54] (page 13) Note: There is a cross reference to the requirements of new clause 63A in the new credit assignment provisions (see new sub-clause 49A(5) of new Part 4A – see item [41]).</p>
<p>Clause 70 - Operations Committee Amendments to update agency names.</p>	<p>Some agency names in clause 70 were out of date.</p>	<p>Schedule 1 [57], [58] (pages 14)</p>

Amendment	Rationale	Reference (in Amendment Regulation)
<p>Clause 84 - Excess auction proceeds Amendments to clarify that any excess funds can be carried over and used to cover the costs of the scheme in any future year.</p>	<p>The Regulation allowed auction proceeds to be used to support the operation of the scheme in the year following the auction. However, the Regulation did not anticipate a situation where auction proceeds may exceed the estimated costs of the scheme for that year, thereby creating an excess.</p>	<p>Schedule 1 [64] (page 14)</p>
<p>Clause 94 - Review of Regulation – timetable Amendments to prescribe that the next review is to commence in 10 years (consistent with last period for review).</p>	<p>The Regulation needs to include a timeframe for the next statutory review.</p>	<p>Schedule 1 [69] (page 15)</p>
<p>Dictionary - Sector reference points Amendments to update the gauging station number for the lower sector reference and to allow the EPA to publish an alternative gauging station reference numbers on the EPA's website, if required.</p>	<p>The gauging station for the lower sector reference point has changed. As these gauging stations may be damaged or offline for various reasons, the Regulation needs to allow flexibility for another station to be identified.</p>	<p>Schedule 1 [72] (page 15-16), definitions of 'lower sector reference point', 'middle sector reference point' and 'upper sector reference point'</p>
<p>Various clauses - Other miscellaneous amendments</p>	<p>Various mechanical, administrative and tidy-up amendments to the Regulation were required in order to improve clarity and consistency.</p>	<ul style="list-style-type: none"> • Removal of redundant references to 'first issue credits', 'first auction of credits' and 'pilot scheme' <ul style="list-style-type: none"> ○ Schedule 1 [2], [4], [38], [39], [40], [45], [46] [70], [71] (pages 3-15) • Streamlining of clauses relating to trading rules orders – repetition removed <ul style="list-style-type: none"> ○ Schedule 1 [27], [28], [31] (pages 8-9) • Consistent use of the term 'discharge licence' and 'discharge licence holder' <ul style="list-style-type: none"> ○ Schedule 1 [1], [3], [5], [33], [34], [56], [61] [62], [63], [67], [73] (pages 3-16) • Clarification of clauses and headings; improving consistency between clauses <ul style="list-style-type: none"> ○ Schedule 1 [6], [7], [9], [10], [11], [12], [20], [24], [26], [27], [29], [30], [35], [48], [50], [52], [55], [59], [60], [65], [66] (pages 3-15) • Modernisation of outdated information technology terminology: <ul style="list-style-type: none"> ○ Schedule 1 [14], [15], [44], [52] (pages 5-13) • Notes - new, amended or deleted:

Amendment	Rationale	Reference (in Amendment Regulation)
		<ul style="list-style-type: none"> ○ Schedule 1 [1], [2], [3], [4], [13] [16], [19], [21], [22], [23], [27], [39], [41], [47], [53], [61], [62], [63], [68] (pages 3-15) • Clauses - deleted/moved and clarified: <ul style="list-style-type: none"> ○ Schedule 1 [13] and [17] (definition of relevant sector deleted from clause 18 – replaced by new clause 14A(2)) (pages 4-6) ○ Schedule 1 [13] and [18] (clause 21 deleted – replaced by new clause 14B) (pages 4-6) ○ Schedule 1 [19] (clause 22 deleted and replaced) (page 6) ○ Schedule 1 [27] (clause 26 deleted and replaced) (page 8) ○ Schedule 1 [37] and [48] (clause 37 deleted and replaced; clause 59 deleted; new clause 37A inserted on terms taken from former clause 59) (pages 9-12) ○ Schedule 1 [48] (clause 58 and 60 deleted and replaced by new clause 49C) (pages 10-12) ○ Schedule 1 [48] (clause 59 deleted and replaced by new clause 58 and new clause 59) (page 12) • Dictionary – remove / amend / insert definitions to reflect changes throughout the Regulation <ul style="list-style-type: none"> ○ Schedule 1 [72] (page 15-16).