

IMPORTANT NOTICE

WATER RESTRICTIONS UPDATE #9

We really are staring at the bottom of our stored water at the lake and my message now is that it seems inevitable that we will reach a point soon where everyone will need to stop irrigating.

The main purpose of this notice is to explain how we intend to manage the water supply through this final period.

Our current predictions are that we will run out of irrigation supply completely around February 25th

We will be updating our website regularly on the expected date for irrigation cut-off

WATER STORAGE SITUATION

The lake level is currently at 374.4m (8%) and falling at around 0.55% daily.

We are releasing around 5 cumecs from the dam to provide for irrigation and to maintain the revised minimum flow of 2.5 cumecs which was re-confirmed at the OEFRAG meeting on Tuesday.

The inflows to the dam and in the catchment generally are continuing to decline steadily. The rain that came through on Monday (9th) has had very little impact on flows and storage.

The Opihi river mouth is closed and the lagoon is sitting at a very high level. At this stage it is felt that this is the best situation with the limited inflows and there is no expectation of artificially opening the river mouth. The conditions in the lagoon are being monitored closely.

PROPOSED RESTRICTIONS

We intend to continue with the current 50% restriction regime until shut down at a lake level of 371m (only 1.4% storage will remain at that point).

[Note that there is a Water Shortage Direction in place (and this will be renewed from next Monday 16th) that limits abstraction to 50% of consented volumes. As I explained last newsletter, this change in restriction from 50% of water share entitlement to 50% consented volume only affects a handful of individuals. For most of you it is a continuation of the roster or restricted flow that you have been operating under at present.]

For those of you on restricted tributaries (Above Dam, Opihi and Te Ngawai), up until the 25th, the current regime will continue where you can resume abstraction if your tributary comes off restriction (as advised on ECan's website) but it will be on a 50% regime. If you have been off for more than four days, you should work on your first day back on as being Day 1 of a four-on, four-off roster regime. It is essential though that you advise us of your 'water order', even under these short term conditions. As I have discussed with most of you, please email or phone through your intentions.

We will be shutting down the schemes as quickly and as efficiently as we can if the lake reaches 371m and will require all other irrigators (i.e. those not supplied from the Kakahu, Totara Valley, Sutherlands and Levels schemes) to stop irrigation as soon as possible. We expect all irrigation will be shut down within a 12-18 hour period.

There are some logistical/practical issues associated with this shut down process and we will advise details closer to the time. I expect we will reduce our releases from the dam and then essentially follow this flow reduction down the river closing off the schemes and irrigation over the next 9 – 12 hours.

We do not intend to revise the rosters as we approach the shut off date and expect everyone to continue to maintain the schedules that we have in place up until that time.

This 'zero storage' situation is new to everyone (and I am referring to the OEFRAG participants as well as ourselves in this context), and the 'rules' and experience around how the lake is managed beyond this position are very limited. The OEFRAG participants are very mindful of this and we have already had several discussions around the key issues and options. I believe there is good alignment around the need to consider the interests of all stakeholders and a recognition that we need to maintain a very adaptive management approach whereby we respond accordingly to either a continuing drought scenario or when we do actually get some relief from the weather.

At this stage, irrigators need to anticipate that they will not be able to irrigate for a significant period once we are shut down and that this may extend right through March.

We will be working at OEFRAG to clarify some guidelines on the recovery phase and ensure that we are providing the earliest opportunity for some limited resumption of irrigation supply at least.

WATER ORDERS (*my old chestnut!*)

Please continue to ensure that your water orders accurately reflect your intended water use so that we can deliver the right amount of water, limit wastage or shortages and preserve the lake storage as much as possible.

STOCK WATER SUPPLIES

We are aware that there are a few farmers who rely on the irrigation schemes for their stock water supplies which will be compromised if we shut down the schemes. We think we know who these people are and have made contact with them to ensure they have a contingency plan.

We are also mindful that shutting down the schemes (and Level Plain in particular) may reduce groundwater levels and those that rely on shallow groundwater wells may also be compromised.

On a wider basis, if there are others that are struggling with stock water supplies or that anticipate that a shutdown of the irrigation schemes will compromise their ability to provide essential water supply to their stock, please contact our office.

If there is a need, and a coordinated approach is warranted, we would consider facilitating farm deliveries for essential stock water supplies but will rely on feedback to us as to whether this is necessary.

GENERATION FROM THE DAM

In the last notice I commented on the generation from the dam and explained that we do not ever release water 'just for generation'.

The sequel to this is that, with the significant reduction in water from the dam, our electricity generation is significantly below average. This has a direct impact on our revenue and my current estimation is that we will be around \$700k below our budgeted electricity revenue for the year because of the drought conditions. Given that the impact is likely to extend beyond our June 30th balance date, I would anticipate that we will be looking at closer to \$1 million less revenue overall. This will obviously put some pressure on our business but I am committed to trying to maintain the undertaking we made in our Merger Prospectus of holding water charges at their current level for the first two years.

GOVERNMENT'S 'DROUGHT' ANNOUNCEMENT

Most of you will be aware that on 12th February the government officially declared a medium scale adverse event (in this case read "drought") covering much of the east coast of the South Island, including our region. The announcement received a reasonable amount of media coverage that was centred on the day at Lake Opuha. The fact that our region was chosen for the location of the announcement was not coincidental and reflects an acknowledgement that conditions are particularly severe in South Canterbury and the likely cessation of irrigation within two weeks will present even more challenges to farmers and their support communities.

I hope that our farmers are aware of what the announcement does and doesn't mean. It doesn't mean hand outs but it does mean that additional resource is made available for support

services to assist and facilitate farmers who are experiencing genuine hardship to access some support.

I expect many of you will be getting communication directly from your industry groups (Fed Farmers, DairyNZ, Beef & Lamb etc) advising of support activities and assistance that may be available.

One of the key networks/agencies that you should all be aware of is the Rural Support Trust.

"When circumstances beyond your control lead to a rural crisis, be it climatic, environmental, financial or personal, the South Canterbury Rural Support Trust is ready to assist. The Trust members are local people with extensive rural knowledge and experience."



www.southcanterbury.rural-support.org.nz



The Rural Support Trust is one of the key organisations that does receive additional resourcing and funding to enable them to support farmers in their local community and their knowhow includes connecting farmers with the right agencies who can provide expert support and assistance. Please consider making contact with the Rural Support Trust at the earliest opportunity.

Regards



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