



February 2018

CEO CHANGEOVER

In mid Jan 2018, Andrew Mockford commenced as CEO at Opuha Water Ltd. This change saw Tony McCormick finishing as CEO after approximately 7 years at the helm. Andrew's working history sees experience with the RNZAF, Trustpower and Airways Corporation. At Trustpower, Andrew was the Southern Regional Manager which saw him manage the Operations and Maintenance contracted associated with our power station. Andrew has moved to the district with his wife and three young boys and they are now residing in Geraldine. Andrew and his family are a keen outdoors family enjoying 4WD, hunting and general exploring of the back-country.

Currently Andrew is focusing on meeting as many people as possible to gain a better understanding of the complexities associated with the company. This has meant tagging along with Julia as she



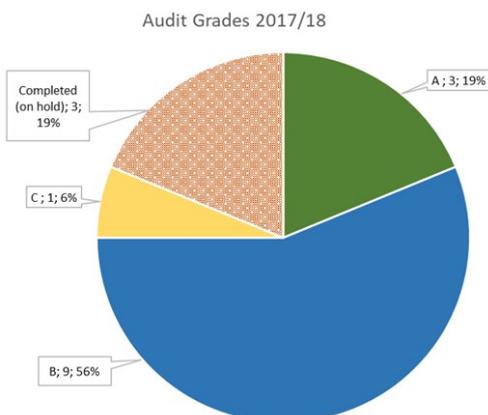
works with the various working groups helping to develop their ZIPA feedback.

Andrew's contact number is 021 333 043 and he would welcome any calls but would appreciate if you can take a moment to explain where you fit into the bigger picture so as to provide context of the conversation. Feel free also to drop by the office and introduce yourself if you have the opportunity.

ZIPA FEEDBACK DUE THIS FRIDAY (2 MARCH)

This Friday is the close of feedback on the OTOZ Zone Committee ZIPA. Observation thus far clearly indicates that there has been a phenomenal amount of effort go into the formulation and drafting of feedback. The end product will be robust feedback from Opuha Water Ltd as a company, the Adaptive Management Working Group, the Flow and Allocation Working Party and the various catchment user groups. I think you would all agree that Julia has facilitated these groups very well and the quality of the feedback is a great reflection on everyone's efforts to ensure a strong community voice is fed back to the Zone Committee. Thanks to all of you who have given up your time to be part of these discussions.

We would like to encourage you all to submit your individual feedback to the ZIPA also to ensure the Zone Committee gets the required feedback to be able to update the ZIPA based on community feedback.

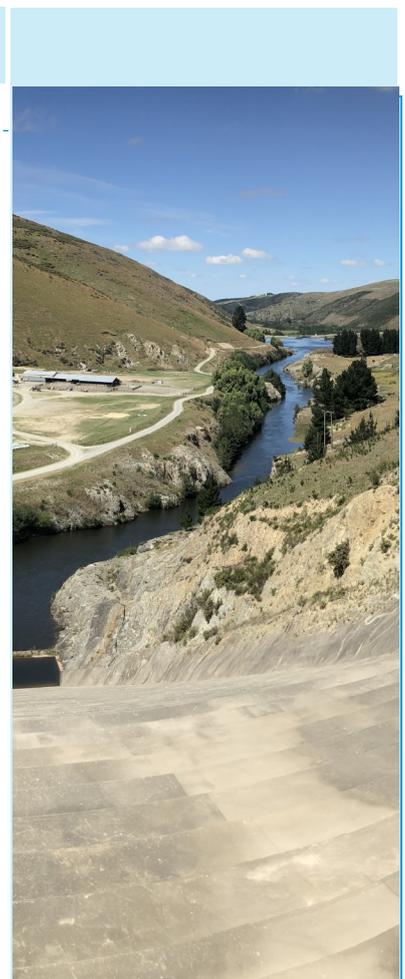


FEP Audit Programme

FEP updates are continuing with those who have current landuse consents, and those which have proved via nutrient budget work they will not require a landuse consent until PC5 is operative.

To date 16 audits have been completed, Irricon have been impressed with the standard shown.

Well done to those shareholders who have received an A for their audit.

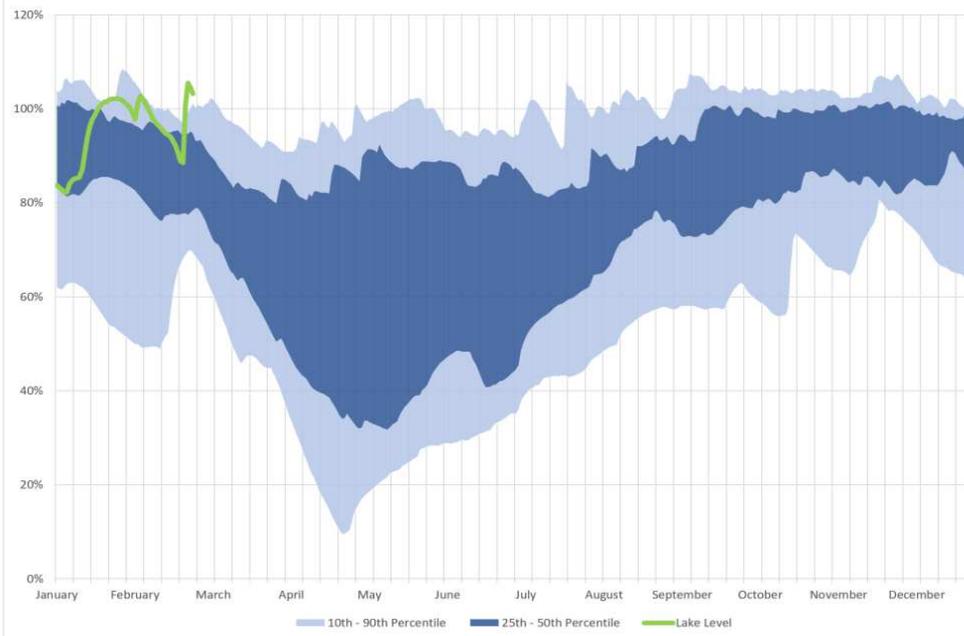


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Lake Level Relative to Historical Operation



NEW LAKE LEVEL CHART

We are trialling a slightly modified approach to how we represent some of the key operational data. One such example is the Lake Level chart that you see here.

Historical data since 1 Jan 1999 is being used to create the percentile indications of where the lake has been at various times of the year. We have also elected to show only the lake % Full and not the lake level in terms of metres high relative to the Lyttleton Datum as the key aspect we are interested in is the capacity. Operationally we will still use the mRL aspect to inform decisions especially when the lake is high. For interest 391.2mRL is the height of the spillway sill and this is what is regarded to 100% capacity.

WATER SITUATION

This has been a very contrasting irrigation season. From the frantic start to the season with near record lake draw down rates and everyone's irrigators going flat-out to now sitting at over 103% full at the lake and all irrigators shut down for the second time this season. Ex Tropical Cyclone Gita certainly gave us a fair shot in the arm water wise with an approximate 17% lake level increase and ending up roughly 600mm above the spillway sill height meaning at peak lake level we were spilling about 20m³

For the last week the lake level is the highest it has ever been for these dates (21st—27th Feb).

POWER STATION

The power station has been operating well over the last couple months with no faults effecting our operation. We have had a couple of minor outages where Alpine Energy required us to be off as they were working on the Albury Transformer.

We are currently looking at the ancillary systems of the power station with a view to having a mid-life upgrade program considered. A number of the systems that support the running of the generator are becoming difficult to support and failure of any one of these systems would see us cease generation, it is in our best interests to get ahead of any potential failures and ensure we have a reliable generation system. Given the power station is now 20 years into its lifecycle, we are entering into a period where the station and its systems will need a bit of attention to ensure we are able to maximise its operation going forward.

DAM CREST WAVE BARRIER PROJECT

As part of the normal periodic assessments of our Dam we had a point raised in the Comprehensive Safety Review (CSR) in 2012 that there was a need to review the catchments Probable Maximum Flood (PMF) with a view to ensure that our dam still met the NZ Society of Large Dams guidelines. The review indicated that the PMF level had risen slightly when compared to the original design and there was a need to enhance the ability of the dam to prevent any over-topping scenario.

What this review has led to is the current project to install a concrete wave barrier wall along the dam crest to prevent any waves, in an extremely high lake level situation, from going over the crest and starting to scour and erode the downstream dam face. The likelihood of this ever eventuating is extremely remote but as the consequences of failure are fairly dire we need to ensure we get this right.

To this end we are now reaching the end of the design phase of this project. Following formal design completion we will be going out for tender for the work required. The exact timeline of when installation is to occur however is still being discussed ensuring we do this work at the appropriate time of year and there is some other projects that need to be completed prior to the wave wall work commencing.

As this project moves along we will keep you up to date on its progress.

OPUHA WATER LTD WEB PAGE

Very soon the Opuha Water Limited Web page will get a small refresh with the intent to update the recent (and not so recent) staff changes.

If you have any suggestions about what information you wish to see on the web page then please let us know and we will endeavour to make these happen (if possible). Please email any ideas to office@opuha.co.nz

