

CEO UPDATE

Well it is has been a fair while between newsletters so firstly apologies for the time it has taken to get this one out.

We are now halfway through our winter season and irrigation is starting to creep up and enter our thoughts. So far the winter (up until last weekend anyway) has been pretty mild and benign. We had been bringing the lake level up over late autumn and early winter, the latest rain however, now means we are too full and we will be passing some water in case further late winter or early springs storms decide to roll in. The same optimism (again up until the weekends rain) couldn't be said for the snow pack; we had a level of storage on our catchment mountains at a historical 95th percentile, not great at all. After this weekends weather this has now shot up to over the 25th percentile; we are hoping for cooler temperatures to try and keep it on the mountains as we don't have room in the lake for it.

There have been a few things going in the irrigation off-season. We have had two new team members start; Michael Walker as Asset & Operations Manager and Jane Hewitt as an Environment Advisor. Please see later in the newsletter for their profiles. It is great to have them both on-board.

The operations team is also going through a bit of change with Chris Em-erson taking up a seasonal role with the team. This will see Chris on deck for the irrigation season primarily, with a lead role in weed management across the whole of the asset base. Chris kicks back into gear in August. We are also currently in the finals stages of recruiting a full time Operator Maintainer to join the team to fill the full time roll Chris was in.

Historically for Opuha and its irrigation schemes each scheme race-man stuck to their own scheme primarily; we have been working to change this, so that each member of the ops team is competent for each scheme. This provides us with improved flexibility and it allows the members of ops team take time away from work during the irrigation season without creating undue issues around who's running 'their scheme'. With this change, we have also implemented an on-call roster for a 'Duty Operator'.

The Duty Operator will be the first port of call for all ops team enquiries. The number for the Duty Operator is 021 155 7226. Please use this number as the primary contact for all operations team enquiries both in work hours and after hours.



Scheme Meetings

Levels Plain – Mon 5th Aug @ 7pm

Kakahu – Tues 6th Aug @ 7pm

Totara Valley – Wed 7th Aug @ 7pm

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Shares - Buy/Sell/Lease

Shares Available to Lease

2 x 5 Water shares and

5 "L" Infrastructure shares

(would prefer long-term)

40 Water shares

4 Water Shares

7 Water shares and

7 "L" Infrastructure shares

Shares For Sale

5 Water shares and

5 "L" Infrastructure shares

Please contact Christine at the Opuha office on 03 614 7801 for more details

This season and beyond, we would like all water ordering to be done via two methods only, self service on the online application or leaving a message on the water phone. By sticking to just these two methods it ensures we don't miss any orders or they are not lost in translation between staff members relaying them. With this in mind please don't be offended if you forget and inadvertently call the office or an operator maintainer to place a water order and they ask you to place the order via app or the water phone. We are just trying to have the most streamlined system.

Plan Change 7 has marched on with formal notification taking place last weekend. Julia has sent out an email to you all regarding the plan and what this potentially means for you (and us) if it was to become operative in its current state. I won't repeat all of the details of Julia's email but I would implore you to develop some awareness of the plans details and what this may mean for you personally. We are working incredibly hard presently to inform our feedback submission on the plan as there are parts of the plan that we do not believe will set up our environment or our community positively for the future. As we develop the submission and technical supporting information we are more than happy to share this information to inform any personal submission on the plan. If you have questions or queries please get in touch and we will do our best to provide you the answers you are after.

In mid-June we had our annual power station maintenance period. This year saw a slightly longer than normal outage as a few extra tasks got undertaken. We are starting to get the formal reports back from the outage and they have been fairly positive which is great to see. Mike goes into the outage a bit more later in the newsletter so I won't steal his thunder here.

We have the annual scheme infrastructure meetings coming up here at Opuha House; the dates for these are

- **Levels Plain – Monday 5th August @ 7pm**
- **Kakahu – Tuesday 6th August @ 7pm**
- **Totara Valley – Wednesday 7th August @ 7pm**

If you have anything particular that you wished to be discussed in these forums please let us know so we can pull together any necessary info.

Cheers
Andrew

HEALTHY CATCHMENTS PROJECT

The Healthy Catchments project is **progressing** with the notification of Plan Change 7 (PC7) to the Land and Water Regional Plan, scheduled for the 20th July. OWL have been actively engaging with ECan over the last few months in an attempt to ensure the notified plan change is workable for OWL, is best for the river, and protects the reliability of shareholders. We feel we have succeeded in some, but unfortunately not all areas. The following summarises what we believe we are likely to see in the notified plan, based on an ECan Council agenda paper that became available on Monday 8th and which can be found at <https://ecan.govt.nz/get-involved/council-and-committee-meetings/view/2019/07> (go to July 11th Council meeting).

Nutrient management:

Nutrient management provisions are likely to mirror what has been implemented through Plan Change 5 (PC5) where a land use consent is required if the farming activity has >50ha irrigation or exceeds the winter grazing thresholds (10ha for a property less than 100ha, 10% of a property between 100-1000ha, or 100ha for any property larger than 1000ha). These consents will require farmers to operate at their good management practice nutrient baseline (GMP Baseline).

Additional to these provisions, PC7 identifies two 'High Nitrogen Concentration Areas' in the Opuha scheme area – Fairlie Basin and Levels Plain – where the groundwater quality outcomes are not met and are unlikely to be met even when farmers within these areas are operating at GMP baseline. These areas are facing additional requirements to reduce nitrogen loss at 2030 – a 10% reduction beyond Baseline GMP for dairy operations and 5% reduction for all other farming types. The Levels Plains area has an additional step at 2035 of 20% reduction beyond GMP baseline for dairy and 10% reduction for everything else.

PC7 also identifies properties that have any part located within the High Phosphorus Risk Zone, and will require consent to farm for any that winter graze cattle or deer over 20ha. These properties are currently Permitted Activities but are likely not to require Overseer, but will require FEPs, a consent and subsequently Audits.

Tributary Flow and Allocation:

As we have outlined in previous newsletters, the flow and allocation regimes of the four main tributaries – South Opuha, Upper Opihi, Te Ana Wai and North Opuha – are being reviewed through PC7. Shareholders who abstract from the first three of these tributaries, are likely to see a two-step increase in minimum flows, and all face changes in the partial restriction regime. The first at three years and the second at eight years. It is the second step in minimum flows that has the potential to have significant reliability and economic consequences for these shareholders and which we will be actively opposing through our submissions and subsequent hearing evidence.

Mainstem flow regime:

The mainstem flow regime is where OWL have been focussing much of our attention over the last few months. This comprises the minimum flows that must be met at SYB, artificial fresh provisions and, fundamentally, also how we operate in water short seasons including when a water shortage regime can be entered into, the role of OEFRAG and irrigation restrictions.

The PC7 mainstem regime presents the greatest risk for OWL and will drive the whole operation of the scheme into the future including how lake storage is managed. Hence why it has been the centre of our attention recently, especially with our engagement with ECan staff.

We are, unfortunately, having to deal with tight timeframes and ECan staff who want an overly simplistic regime that does not fit with the complexity of the system we are working in. Many of the concerns we have expressed to ECan through the process have not been addressed and as a result, we believe what we are likely to see in PC7 will result in 1) operational impracticalities 2) an ineffective use of stored water and 3) worse outcomes for the health of the Opihi River system and 4) a reduction in reliability for shareholders.

We will be doing everything we can to present our case through submissions and into the hearing, and we have a very highly skilled and experienced technical team behind us in this space. Your support, however, will also be important.

Over the next few weeks, we will present you with a summary of the Plan Change provisions. Following the notification of Plan Change 7 (on 20th July), Julia will also be arranging some meetings around the scheme to bring shareholders up to speed on the proposed provisions, what they could mean for you and how you can be involved by putting forward your own submission. Given the importance of PC7 in the future of OWL and individual shareholder consents, it is crucial that you understand the implications and how you can have your own say. Julia will aim to tie these in with the Sub-Scheme Infrastructure meetings in early August and will have additional meetings for those that take directly from the river or tributaries.

If you have any questions in the meantime, please contact Julia directly 021535174

NON-COMPLIANT AUDIT POLICY

We would like to advise that the Board have approved a new policy, to be implemented from 1st July 2019. The **FEP Auditing – Non Compliant Audit Policy** specifies the approach Opuha Water Limited (OWL) will take in addressing non-compliant Audits of OWL shareholder and water users Farm Environment Plans (FEPs). The purpose of the policy is to ensure consistency of action taken by OWL in response to non-compliant Audits.

The Policy can be found on the OWL website. If you have any questions regarding this policy, please contact Julia or Lucy.

ECAN FARM PORTAL REGISTRATION

Lucy will keep those of you aware of the requirements to register your property with the Farm Portal as the system in ECan is refined. Their system is currently not capable of recording the registrations correctly therefore it is best to wait until advised otherwise. Any questions about this, please contact Lucy 0276961742.

THE OPS TEAM

The Ops team started the winter maintenance period with a 9 day outage of the power station 9th-17th May. A number of work streams were undertaken concurrent with the annual maintenance programme. The penstock was dewatered with divers assisting in the removal of the intake screen and fitting of the intake plug, this allowed the 5 yearly inspection/survey of the penstock to be undertaken. With the penstock de-watered an inspection of the “wet end” turbine runner/ draught tube/main inlet valve and



guide vanes was undertaken also. The “dry end” generator was also inspected and assessed for future cleaning (carbon fowling, if not removed can be detrimental to the safe operation of a generator). The main bearings had their top covers removed and their general condition assessed against previous readings. The Circuit Breaker in the switch yard was replaced and the HPU was flushed and oil replenished. Outside of the annual maintenance, the purpose of this years outage was to conduct a thorough condition assessment of the plant. We are pleased to share, the reports are in and on a whole the plant is in good shape.



Winter maintenance on the schemes continues with Sam managing intake screen work, race cleaning and enhancements to existing race infrastructure, fair to say Sam is quite busy!

With this in mind we are recruiting for a second Operator Maintainer, this will greatly enhance our ability to get through the work load prior to irrigation season. We have initiated a Duty Operator Roster for this year primarily because during the irrigation season our scheme operators seldom have a day off, having a duty operator to receive calls and action tasks will give them a well-earned rest.



The Duty Operator will hold the phone Monday-Monday and the number to remember is 021 115 7226.

NEW STAFF

Jane Hewitt started as our new part time, fixed term (2 year) Environmental Advisor on the 10th June. Jane will be working for Opuha between 20-30 hours a week, commuting from her home in Oamaru for part of that with some work able to be undertaken remotely.

Jane's role encompasses the wider regulatory responsibilities of our business including consent compliance, reviewing existing and managing new consenting activities, and developing and implementing a water attribute monitoring programme. The end result will be an aligned, logical and integrated consents, compliance and monitoring system which provides us with the information we need to future proof our business.

Mike Walker commenced as the Asset & Operations Manager on 27 May replacing Craig Moore who departed at the end of April. Mike's most recent work experience has been as an Operator Maintainer with Trustpower, based with their Canterbury team at Coleridge. Prior to that role Mike has held significant roles with DOC, MPI and NZ Customs Service. Mike also has 11 years' service with the Royal NZ Navy. Mike and his family have moved to the local district taking up residence in Geraldine. Mike is looking forward the challenges the role will bring and the opportunity to play his part managing the precious natural resource that is fresh water. Mike's cell number is 021 129 6774.