

Dam Safety Update



Following the declaration of a 'dam safety deficiency' status in October 2019, we have maintained a high priority focus on dam safety and identifying remedies for the potential erosion issue.

This issue, however, will be neither quick nor easy to resolve, its degree of complexity is considerable and cannot be overstated. We are trying to better understand the exact nature of the erosion, and how best to deal with it.

Obviously, it's an issue we would prefer not to have, but at least the manner in which it has presented is favourable, as the evidence is clear that there is no immediate cause for concern regarding dam or public safety. We have time to investigate further, and involve the necessary experts, to make the best possible decisions both in terms of dam safety and in commercial terms for OWL and its shareholders.

As a result of the internal erosion issue, we have a number of variations to normal operational procedures. The key variations are:

- Enhanced Dam Surveillance. Weekly dam civil surveillance has been increased to every second day.
- Lake Level Management. To reduce risk, we are operating the dam to keep the lake under 90% capacity. This meant, for example, that we had to take the lake

level back down to 90% after the December rain, whereas in normal operations we would have been able to capture more of that water.

As we achieve a better understanding of the issue, and remediation options are progressed, we hope to be able to relax these constraints, but only once it is determined safe to do so. The lake level management constraint is a high priority to be addressed, as this has reliability implications for water supply.

Fundamentally to our investigations is acknowledgement that the Opuha Dam is a regionally significant asset and we need to ensure it is robust and reliable for the future. This will see a number of workstreams, investigative and physical, undertaken. We have very good advisors assisting us and we will ensure shareholders, stakeholders and the wider community are kept up to date with key developments.

These dam safety workstreams, along with our submissions to Plan Change 7, are our highest work priorities at the moment.

Andrew Mockford
Chief Executive

NEW LOOK!

We are have a new look for our newsletters! See any room for improvement or have any suggestions? We'd love to hear from you. Send comments and suggestions to Christine Walker (christine@opuha.co.nz).

CURRENT SHARES AVAILABLE

FOR SALE

There are two parcels of shares available for purchase

- 5 water with 5 L infrastructure shares
- 12 water shares

FOR LEASE

There are two parcels of shares available for lease

- 5 water shares
- 4 water shares

Please contact Christine Walker at the OWL office for more information: 03 614 7801

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Plan Change 7

Plan Change 7 hearing preparation is in full swing with a number of workstreams under way. The timeframes we are working to are as follows:

Key Milestones

S42a report to be released
Hearing evidence exchange
Hearing commences
Hearing complete
Decisions due

Timeframes

1 April
Likely end April
Mid May
Anticipated end June/start July
Late 2020

Provisional dates and venues for the hearings have been released as follows:

Christchurch (1)

Date: 18 May 2020
Venue: Conference room A, Gate 3, Lincoln University, Springs Road, Lincoln
Time: 9.30am

Rangiora

Date: 8 June 2020
Venue: Rangiora Show Grounds, 158 Ashley Street, Waimakariri, Rangiora
Time: 9.30am

Timaru (1)

Date: 22 June 2020
Venue: The Grosvenor, 26 Cains Terrace, Timaru Central, Timaru
Time: 9.30am

Timaru (2)

Date: 6 July 2020
Venue: The Grosvenor, 26 Cains Terrace, Timaru Central, Timaru
Time: 9.30am

Christchurch (2)

Date: 20 July 2020
Venue: Wigram Base Hotel, 14 Henry Wigram Drive, Hornby, Christchurch
Time: 9.30am

We expect more information on procedures, schedule etc in coming weeks.

The technical teams supporting OWL, the Flow and Allocation Working Party (FAWP), and the Adaptive Management Working Group (AMWG) are gathering evidence and drafting their evidence as preparation for the hearings.

More than 50 submissions were made by OWL shareholders in support of the submissions by OWL, FAWP and AMWG, which was a great outcome. Julia Crossman (Environmental Manager) will work with submitting shareholders to coordinate their evidence and ensure we are collectively putting our best case forward.

FEP AUDIT PROGRAMME

It is great to see improvements shareholders are making with their Farm Environment Plans (FEP), with some people gaining their first A-Grades.

Audits of the FEP programme are continuing in 2020, with some shareholders experiencing their second formal audit. The improvements made on farms speak to a great commitment by shareholders to get this right and protect their rights to farm.

There are, however, still a few shareholders who require a consent to farm. Lucy Millar (FEP Implementation) will be in touch to determine progress.



Image of Lake Opuha

ENVIRONMENTAL ENHANCEMENT GRANT

OWL is working with Fish and Game, Department of Conservation and Arowhenua Runanga to get an Opihi Environmental Enhancement Grant established. OWL has committed \$20,000 a year to this grant. We hope to have the details finalised and the grant open for applications by mid-April 2020. We will keep shareholders informed of progress. If you have potential environmental enhancement opportunities on your farm, we encourage you to apply for funding when applications are opened.

Operational Water Update

We are into the final three months of this irrigation season and are well and truly utilising the capacity of the lake.

Inflows this calendar year have been low, with only two very brief and small inflow events. The rain gauge at the dam has recorded 65mm of rain since 1 January 2020. During January and February we saw the lake capacity reduce by an average of 0.75% a day.

To comply with our consent conditions re maintaining minimal flows in the Opihi River, draw down increased as we entered March raising the minimum flow at the Saleyards Bridge from 3.5m³/s to 7.5m³/s. This 4m³/s increase has seen the drawdown rate on the lake increase by approximately 0.5% lake capacity per day.

At the time of writing (05/03/2020) the lake level was at 48.31%.

You don't have to be a farmer to know it has been a very dry period; the media is regularly reporting drought or close-to-drought conditions throughout much of the country. The catchment feeding Lake Opuha is no exception; we have had very little rain. However, we do not believe we will have to consider restrictions yet, although it will remain a very real possibility if we do not get some reasonable rain this month (March) or early April.

To help manage this situation as efficiently as possible, we are updating forecasting models daily to help us understand, and plan for, potential scenarios. The forecasting uses daily lake levels recorded throughout the operational history of the dam.

At this time of the year there is significant variation, as is evidenced by the difference in the forecast lines (see graph) from a lake capacity of 40% at the end of May (66th percentile line), through to the lake being operationally empty on 23 April (25th percentile line).

We have made contact with the Opuha Environmental Flow Release Advisory Group (OEFrag) to keep them apprised of the situation. There is very little rain of significance on the short-term weather forecasts (0-10 day forecasting). Medium term forecasting suggests that in mid-March we might get some unsettled weather that could bring rain. We are watching very closely, as there are forecast scenarios that would see the potential for water restrictions; and even potential for the lake to be emptied.

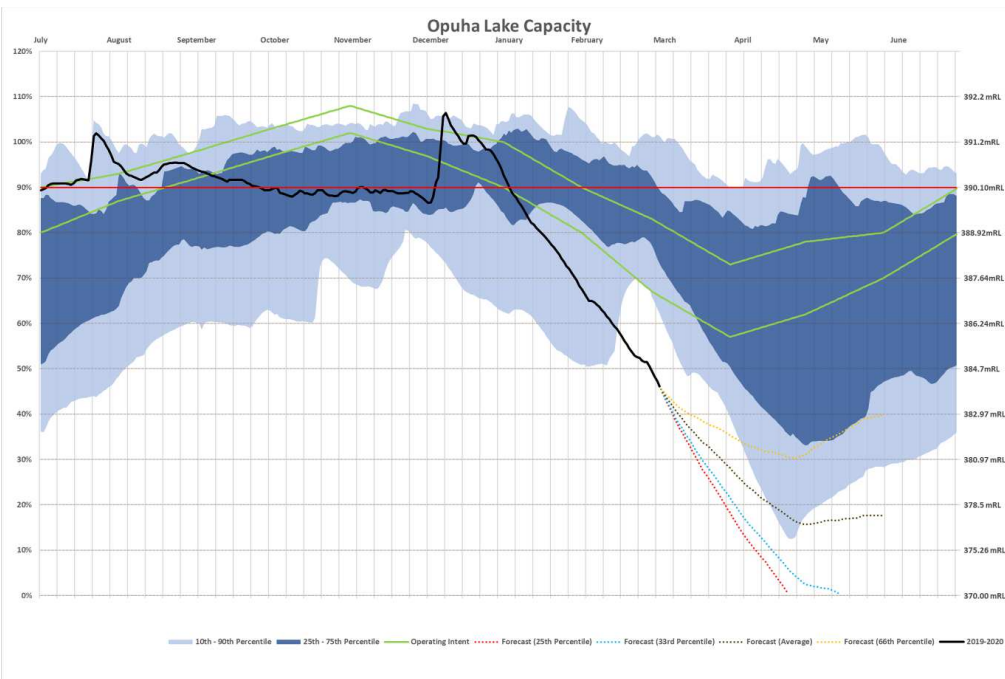
Andrew Mockford
Chief Executive

facebook

Opuha Water Ltd has embarked on a social media Journey! We have had the Opuha Water Ltd Facebook page sitting in the background for a few months now, but recently set aside some time and resources to more fully utilise its potential as a communication, advocacy and promotional medium. This includes (but is by no means limited to) providing weekly updates over summer regarding lake levels and weekend forecasts, staff profiles, showcasing shareholders' farms, and providing some history of the dam and scheme.

The page came into its own during last year's dam safety deficiency declaration, helping ensure people got full information (rather than that filtered by media or other sources). Public reaction was excellent and we received a lot of praise for the relevance, transparency and accountability shown on the page. Similarly, the Facebook page will be a place where we can share our views on issues such as Plan Change 7, proposed water legislation, environmental issues and so on, with the advantage that these views will not be edited by any publishing agency.

We invite you to search, 'like' and 'share' the Opuha Water Ltd Facebook page, and if you have any ideas for content, please contact Julia, Lucy or Christine. The page is also designed for followers to submit their own content. This will not automatically go up, every submission will be reviewed to ensure it is appropriate; but we encourage shareholders and stakeholders to contribute photos of activity on the lake, positive images of irrigation benefits, on-farm environmental activity and achievements and so on.



Operations Update

The Operations Team has been busy this season dealing with everything from water delivery to plant breakdowns and weather events. We've had frustrating disruptions because of unexpected breakdowns of the Totara Valley and Kakahu fish screens; which have shown the need to consider and improve our maintenance regime against what we are presently doing. Natural events also wreaked havoc throughout the season, with lightning strikes affecting intake structures; and river flows increasing and decreasing quickly, creating the need for a variety of in-river works.

In January, Chris Emmerson accepted a full-time role as a Senior Operator Maintainer with Opuha Water Ltd. We are excited to formally recognise the significant expertise Chris has and we are looking forward to fully supporting him as he grows in this role. This opportunity sees Chris take on more of a leadership and supervisory role in the irrigation space. Richard Orsulich has been developing the necessary level of skills and expertise to be fully effective in his role as an Operator Maintainer; this professional growth is being supported by Chris' coaching and mentoring. With Sam Harper's departure last year we are currently recruiting to fill the vacant third Operator Maintainer role.

Shareholders might see Taylor Agricultural Contracting carrying out weed control throughout each of the schemes. This is a different way of doing business for us as we used to do weed control ourselves. With Chris moving into a leadership role, his available time to run a spray unit is significantly diminished. The change will allow our Operator Maintainers more time to focus on water delivery and preventative maintenance tasks. With the next couple of rounds of weed control we hope to achieve improved scheme efficiencies and improved visual surveillance of our race system, getting ahead of race failures before they occur.

The Operations Team continues to carry out enhanced dam surveillance duties due to the internal erosion issue; Richard has taken on the lion's share of this additional work allowing Chris to focus on irrigation delivery. We have a number of workstreams planned for this year and I'm proud to be leading the team and working with others to realise these improvements.

From the Operations Team and Christine Walker (Business Administrator), many thanks for your patience these past few months. We know these breakdowns come at a cost to your operations, bear with us as we improve our preventative maintenance programme to ensure more reliable delivery of water to shareholders.

Mike Walker

Operations and Assets Manager



Image of the operations team removing the Skipton screen

SHAREHOLDER TRAINING

Irrigator Operator Training

OWL will host another Irrigator Operator training course by Irrigation NZ on Thursday 26 March 2020 from 9.30am at Opuha House.

This is free to shareholders; a light lunch will be provided. Please come along if you are yet to attend one, or it has been a while since you last did a course, as this contributes to your competencies during an audit. Contact Lucy Millar (lucy@opuha.co.nz or 027 696-1742) to secure your place.