



**SUBMISSION TO PROPOSED WAIKATO REGIONAL PLAN CHANGE 1 - WAIKATO AND WAIPA RIVER CATCHMENTS (OCTOBER 2016)**

**TO:** Proposed Waikato Regional Plan Change 1 – Waikato and Waipa River Catchments (October 2016)  
Environment Waikato  
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**BY E-MAIL:** cfincham@kce.co.nz

**SUBMISSION ON:** **Proposed Waikato Regional Plan Change 1 - Waikato and Waipa River Catchments (October 2016)**

**NAME OF SUBMITTER:** King Country Energy Limited

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# 1. INTRODUCTION

King Country Energy Limited (hereafter referred to as '**KCE**') is the leading generator and retailer of electricity in the King Country area. It is publicly owned, with its two largest shareholders being Trustpower Limited and King Country Electric Power Trust. The remainder of its shareholding is divided between approximately 6,500 smaller shareholders, many of whom reside in the Waikato Region.

KCE was incorporated in 1991, taking over the business of the King Country Electric Power Board and was subsequently restructured in 1999 as a consequence of the Electricity Industry Reforms Act 1998. The reforms resulted in KCE and Waitomo Energy Services firstly combining their assets, and then splitting their assets. It was at this point that KCE acquired the generation and retail businesses held by the two organisations. KCE has its head office in Taumarunui.

KCE owns and operates three hydroelectric power generation schemes (hereafter referred to as '**schemes**' or '**HEPS**') in the Waikato Region – Kuratau (6MW, 28GWh), Mokaiti (1.7MW, 7GWh) and Wairere (4.6MW, 18GWh). In addition, KCE owns the Piriaka Scheme in the Ruapehu District and Mangahao scheme (42MW, 130GWh) near Shannon which is operated by Trustpower Limited. These schemes provide security of a renewable supply of electricity to approximately 18,000 properties (homes, farms, businesses and essential services) in the King Country and Central North Island areas, as well as an efficient supply by reducing transmission losses compared to sourcing electricity from further afield. Consequently, the on-going operation of the schemes is particularly important to the supply of electricity to these areas.

KCE is committed to using renewable energy and actively supports King Country communities through stand-alone funding initiatives and the Heartland Community Fund.

KCE has a significant interest in the development of objectives, policies and rules to improve water quality in the Waikato Region. KCE believes that there needs to be proportionality between the size of an individual's contribution to the problem and the size of change required of them; and that the scale and timeframes for change need to reflect the technology and practices available at the time, and the investments needed to adopt them.

This submission is made to the provisions of Plan Change 1 to the Waikato Regional Plan ('**the WRP**'). In preparing its submission KCE has had regard to the Resource Management Act 1991, the National Policy Statement for Freshwater Management 2014 ('**NPSFM**'), and the operative Waikato Regional Policy Statement and the WRP.

## **2. SUBMISSIONS**

### **2.1 Use values - Electricity generation**

- (a) Alongside Mana Atua values (intrinsic values of water), PC1 recognises mana tangata values (use values) of the Waikato and Waipa rivers and their tributaries. For example: their value as a geothermal resource; spiritual places; place for food gathering and swimming; means of transport (navigation); input to primary production and industrial processes; providers of community water supply and hydro and geothermal energy sources; and flood protection networks.
- (b) KCE supports the recognition in PC1 that some waterbodies provide important opportunities for hydro and geothermal electricity generation. Reliable and affordable renewable electricity generation underpins the economic, social and cultural wellbeing of New Zealand's communities.
- (c) The Waikato region is home to a number of electricity generation schemes, some contributing substantively to the national system and others, like KCE's, providing a reliable and efficient local source of renewable energy.
- (d) Integrated long term management of water quality and quantity matters is pivotal to communities realising their aspirations. Provision for hydro electricity generation must be part of such management systems.

#### **Relief Sought**

- (a) That the Council retain recognition of the use value "Electricity generation" in section 3.11.1.2.
- (b) Any similar amendments with like effect.
- (c) Any consequential amendments that stem from the relief sought.

### **2.2 Objective 1 - Long-term restoration and protection of water quality for each sub-catchment and Freshwater Management Unit**

- (a) Objective 1 adopts an 80-year timeframe for achieving the water quality attribute targets set in Table 3.11-1. These targets have been set at a level that is more aspirational than the NPSFM and aim to achieve safe swimming in, and gathering of food from, the Waikato and Waipa rivers and their tributaries. The 80-year timeframe recognises that achieving these targets will be difficult and costly for the community, and that new technologies and practices will be needed that are not currently available or economically feasible. It also recognises that considerable tracts of land will need to change land use to de-intensify discharges of contaminants (nutrients, sediment and microbial pathogens).
- (b) KCE supports adoption of the 80-year timeframe for achieving the water quality targets set in Table 3.11-1. We consider this to be a realistic and necessary approach given the complexity of managing diffuse discharges; the scale of the change in water quality sought; and the very significant costs to the community and inability to adapt if such changes are driven over a shorter period.

#### **Relief Sought**

- (a) That the Council adopt Objective 1 as notified.
- (b) Any similar amendments with like effect.
- (c) Any consequential amendments that stem from the relief sought.

### **2.3 Objective 2: *Social, economic and cultural wellbeing is maintained in the long term***

- (a) Objective 2 recognises the positive connection between improved water quality in the Waikato and Waipa river catchments and the ability for communities to be able to provide for their social, economic and cultural wellbeing.
- (b) KCE accepts the vital role that water quality plays in enabling communities to provide for their social, economic and cultural wellbeing. At the same time KCE considers no community should face undue social and economic costs in achieving improved water quality i.e. the scale and timeframes for change need to reflect the technology and practices available to the community at the time and the investments needed to adopt them.
- (c) Alongside Objective 1 (which sets long term aspirational goals for water quality), Objective 2 provides some assurance that the scale and rate of change will not inflict undue social, economic and cultural costs on the community.

#### **Relief Sought**

- (a) That the Council adopt Objective 2 as notified.
- (b) Any similar amendments with like effect.
- (c) Any consequential amendments that stem from the relief sought.

### **2.4 Objective 3: *Short-term improvements in water quality in the first stage of restoration and protection of water quality for each sub-catchment and Fresh Water Management Unit***

- (a) Objective 3 sets an interim target of ten percent of the required water quality improvement by 2026. This milestone provides landowners with a focus on the need for changes in technologies and practices to improve water quality while at the same time recognising that associated social, economic and cultural costs must be manageable for communities.
- (b) KCE considers the target of achieving ten percent of the required water quality improvement by 2026 is realistic and helpful. KCE also supports PC1's recognition that it may not be possible to directly measure the changes in water quality over this period and that measurement of actions taken on the land may need to serve as a proxy.

#### **Relief Sought**

- (a) That the Council adopt Objective 3 as notified.
- (b) Any similar amendments with like effect.
- (c) Any consequential amendments that stem from the relief sought.

### **2.5 Objective 4: *People and community resilience***

- (a) Objective 4 recognises the importance of a staged approach to achieving the desired water quality objectives, so that adaptive management can be adopted and communities can continue to provide for their social, economic and cultural wellbeing.
- (b) KCE supports this objective. The scale of technology and practice change needed to achieve Objective 1 is substantive. Innovation will be needed to approach activities differently than in the past. Not all changes will achieve the desired outcomes. It is important that communities have the opportunity to try new approaches, learn and adjust accordingly. A staged approach supports long term environmental and community wellbeing.

### **Relief Sought**

- (a) That the Council adopt Objective 4 as notified.
- (b) Any similar amendments with like effect.
- (c) Any consequential amendments that stem from the relief sought.

### **2.6 Policy 4: *Enabling activities with lower discharges to continue or to be established while signalling further change may be required in future***

- (a) Policy 4 enables activities with lower discharges to continue or to be established provided that cumulatively the achievement of Objective 3 (ten percent of the required change in water quality by 2026) is not compromised. It also notes that such activities may in the future need to reduce their discharges.
- (b) KCE supports this policy as it removes a regulatory burden for existing low dischargers and will encourage innovative land use change towards low discharging activities.

### **Relief Sought**

- (a) That the Council adopt Policy 4 as notified.
- (b) Any similar amendments with like effect.
- (c) Any consequential amendments that stem from the relief sought.

### **2.7 Policy 5: *Staged approach***

- (a) Policy 5 recognises that achieving the water quality targets will need to be staged over 80 years to minimise social disruption and allow for the necessary innovation and new practices to develop, and at the same time recognises the importance of making a tangible start towards achieving the 80-year goal.
- (b) As identified in KCE's submission on Objectives 1 to 4, KCE supports adoption of the 80-year timeframe for achieving the water quality targets set in Table 3.11-1 and to staging the progress towards these targets during this period. A staged approach will provide focus; transparently indicates that further reductions in contaminant discharges are likely to be needed; allows for an adaptive approach; and at the same time recognises that associated social, economic and cultural costs must be manageable for communities.

### **Relief Sought**

- (a) That the Council adopt Policy 5 as notified.
- (b) Any similar amendments with like effect.
- (c) Any consequential amendments that stem from the relief sought.

### **2.8 Policy 8: *Prioritised implementation***

- (a) Policy 8 establishes a prioritised approach to achieving reductions in discharges. Priority for implementing Policies 2, 3 and 9 is given to sub-catchments where there is a greater gap between the water quality targets and current water quality.
- (b) KCE supports Policy 8 in principle. KCE believes that while prioritisation is an imminently sensible approach, there are other criteria for prioritising effort and regulatory requirements that can be helpful. For example, consideration of soil type, climate and cost of change options can help ensure that 'least cost - high impact' options are adopted first.

### **Relief Sought**

- (a) That the Council adopt Policy 8, and make amendments to recognise other equally important criteria for prioritising implementation.
- (b) Any similar amendments with like effect.
- (c) Any consequential amendments that stem from the relief sought.

### **2.9 Policy 9: *Sub-catchment (including edge of field) mitigation planning, co-ordination and funding***

- (a) Policy 9 requires that sub-catchment planning be used to ensure a prioritised and integrated approach, and that support be given to measures that efficiently and effectively contribute to water quality improvements.
- (b) KCE supports a sub-catchment approach to identifying 'least cost – high impact' measures to improve water quality, including early engagement with stakeholders and partners, assessing sources of contaminant discharges and encouraging cost effective mitigations.
- (c) Policy 9 also encourages farming enterprises to join together in mitigation practices where helpful (e.g. 'edge of field' mitigations) by allowing recognition for the resultant reduction in diffuse discharges to be apportioned to each enterprise based on the scale of their contribution to the mitigation. KCE supports this provision as it will encourage innovative solutions that may not otherwise receive necessary combining of resources to proceed.

### **Relief Sought**

- (a) That the Council adopt Policy 9 as notified.
- (b) Any similar amendments with like effect.
- (c) Any consequential amendments that stem from the relief sought.

### **2.10 Policy 10: *Provide for point source discharges of regional significance***

- (a) Policy 10 requires that when resource consents for point source discharges of nitrogen, phosphorus, sediment and microbial pathogens are being decided the continued operation of regionally significant infrastructure and regionally significant industry must be provided for.
- (b) KCE supports this policy. Infrastructure and industry of regional significance, such as hydro and geothermal electricity generation plants, often underpins the social and economic viability of communities and must be provided for. Often the regionally significant infrastructure or industry is not relocatable to other parts of the region or nationally (e.g. existing hydro electricity generation plants must remain at the resource they use, they are not able to be relocated). It is important that provision is made for their long-term operation within the region.
- (c) While this policy provides for discharges from regionally significant infrastructure and regionally significant industry, it does not preclude conditions being imposed to ensure potential adverse effects are avoided, remedied or mitigated.

### **Relief Sought**

- (a) That the Council adopt Policy 10 as notified.
- (b) Any similar amendments with like effect.
- (c) Any consequential amendments that stem from the relief sought.

**2.11 Policy 11: Application of best practical option and mitigation or offset of effects to point source discharges**

- (a) Policy 11 requires that any person undertaking a point source discharge of nitrogen, phosphorus, sediment or microbial pathogens adopt the Best Practical Option to avoid or mitigate the adverse effects of the discharge, and if this is not possible, for an offset measure to be adopted to help lesson any residual effects of the discharge.
- (b) KCE supports this policy as it is a practical approach to achieving the water quality objectives at a reasonable cost to the community. Further, allowing for offsetting encourages innovative solutions that may ensure greater overall water quality improvements than would be possible at the place of discharge.

**Relief Sought**

- (a) That the Council adopt Policy 11 as notified.
- (b) Any similar amendments with like effect.
- (c) Any consequential amendments that stem from the relief sought.

**2.12 Policy 12: Additional considerations for point source discharges in relation to water quality targets**

- (a) Policy 12 requires that consideration be given to the impact of a point source discharge on achieving the 80–year and 10-year water quality targets, while at the same time considering: the relative contribution of the discharge to the catchment load; past technology upgrades to reduce the discharge; ability to stage future investments in mitigation; and diminishing returns in investment beyond the Best Practical Option.
- (b) KCE supports this policy as a practical approach to achieving the water quality objectives at reasonable costs to the community.

**Relief Sought**

- (a) That the Council adopt Policy 12 as notified.
- (b) Any similar amendments with like effect.
- (c) Any consequential amendments that stem from the relief sought.

**2.13 Policy 13: Point source consent duration**

- (a) Policy 13 requires that when setting a consent duration for a point source discharge consideration be given to: a term of greater than 25 years where Policies 11 and 12 are met; the magnitude and significance of investment in contaminant reduction measures and the resultant improvement in water quality; and the need to provide appropriate certainty of investment where contaminant reduction measures are proposed.
- (b) KCE supports this policy. Long term consents are key to sizable business investments, particularly where large scale or complex infrastructure, plants and equipment are needed. For investments in discharge reduction technology to be viable they will often need the opportunity for the technology to run for their investment life prior to more stringent requirements being imposed.

**Relief Sought**

- (a) That the Council adopt Policy 13 as notified.
- (b) Any similar amendments with like effect.

- (c) Any consequential amendments that stem from the relief sought.

### **2.14 Policy 14: Lakes Freshwater Management Units**

- (a) Policy 14 proposes to apply a tailored lake-by-lake approach to improving water quality. This will include data collection and the preparation of Lake Catchment Plans.
- (b) KCE supports this policy. A tailored approach is most likely to deliver efficient and effective local solutions.

#### **Relief Sought**

- (a) That the Council adopt Policy 14 as notified.
- (b) Any similar amendments with like effect.
- (c) Any consequential amendments that stem from the relief sought.

## **3. OTHER MATTERS**

KCE would be happy to meet with the Council and other submitters who raise similar issues to KCE, to discuss its submission and the suggestions it makes within the same.

KCE wish to be heard in support of this submission.

If others, make a similar submission KCE would consider presenting a joint case with them at any hearing.

KCE cannot gain an advantage in trade competition through this submission.

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**Signature:**



Chris Fincham, for and on behalf of King Country Energy Limited

**Date:**

3<sup>rd</sup> of March 2017.

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