

## EVIDENCE IN CHIEF OF WAYNE MILLS - INDEX

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**BOARD OF INQUIRY  
HAUAURU MA RAKI WIND FARM PROPOSAL**

In the matter of the Resource Management Act 1991

And

In the matter of resource consent applications by Contact Wind Limited in respect of the Hauāuru mā raki Wind Farm Proposal

And

In the matter of notices of requirement and a resource consent application by Contact Energy Limited for transmission infrastructure related to the Hauāuru mā raki Wind Farm Proposal

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**BRIEF OF EVIDENCE IN CHIEF OF WAYNE MILLS**

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## Introduction

1. My name is **Wayne Michael Mills**. I am employed by Contact Energy Limited (“Contact Energy”) as its Land Development and RMA Manager.
2. In that capacity I have responsibility for the management and development of Contact Energy’s non-core land assets, and co-ordinating the preparation of applications for resource consents for Contact Energy’s major renewable energy projects. In addition to this core role, I have more recently taken responsibility for the management of specific transmission and related land issues for the Hauāuru mā raki (“HMR”) wind farm. It is this area of my work that is the subject of the evidence I describe below and I have the authority of the company to give this evidence on its behalf.
3. I have worked for Contact Energy for most of the past eleven years. Initially, I was employed by the company in 1997 to take particular responsibility for the management and co-ordination of resource consents for the Ohaaki and Wairakei Geothermal Power Stations and the Clutha River / Mata’au Hydro Scheme. Each of these generation assets was established under its own empowering legislation or previous statutes, and required re-consenting applications to be made under the Resource Management Act 1991 (“RMA”) not later than March 2001.
4. Following the completion of these projects through their Environment Court appeals in 2007, the company required me to manage and co-ordinate the preparation of RMA applications for several major new renewable energy projects, including the Te Mihi geothermal power station (which was granted consents by a Board of Inquiry in September 2008), Waitahora Wind Farm (a proposed 177MW wind farm south of Dannevirke) and the proposed HMR wind farm which is the subject of this Board of Inquiry.
5. Aside from my experience with Contact Energy, I have worked in my own business consultancy practice mainly providing advisory services in the mergers and acquisitions area to a range of New Zealand companies. My past experience also includes a period as a senior advisor for the Crown Company Monitoring Unit, and for the New Zealand Treasury as Project Manager for the Auckland Airport share float.

6. I have a Bachelor of Commerce and Administration and I am a member of the Institute of Chartered Accountants of New Zealand.

### **Scope of Evidence**

7. My evidence describes the following matters pertaining to the HMR wind farm:
  - background to Contact Wind Limited and Contact Energy's separation of applications
  - Contact Energy's application for Requiring Authority status under the provisions of s167 of the RMA
  - the timeframe for, and development of, a transmission line proposal for HMR wind farm
  - the methodology employed to disclose and discuss the proposed line with affected landowners
  - development of compensation proposals for landowners
  - consultation with landowners to date and outcomes from that process as at the date of this evidence

### **Background to Contact Wind and Contact Energy**

8. In their evidence Mr Yates and Mr Geoghegan have described the process by which Contact Energy and Wind Farm Group entered into a commercial agreement to pursue the HMR wind farm, for which purpose a special project company, Contact Wind Limited ("Contact Wind"), was incorporated.
9. When Contact Wind was formed in December 2006, most project planning and development to that point had focussed on wind monitoring and data gathering, and the negotiation of land agreements with owners upon whose property it was then planned to locate wind turbines. Indeed, at that time the wind farm project was concentrated largely on the southern area known as Matira. The Waikawau (or northern) end of the eventual wind farm footprint that is the subject of this application was less advanced.
10. While Wind Farm Group had had some preliminary work done on transmission options at the conceptual level (as discussed in Mr Yates'

evidence), at the point Contact Wind was formed, transmission options and solutions remained essentially at large. This was not unexpected, since the eventual location of the transmission line could only be established with any certainty when the total size, configuration and location of viable wind turbines was known.

11. During 2007 the owners of one of the major Waikawau properties, Limestone Downs, agreed to enter the project providing further certainty to the size, configuration and optimal location for the transmission line. In her evidence, Ms Yorke will describe the process by which alternative lines and options were evaluated. Suffice to say for the purposes of my evidence, that the preferred route takes the transmission line across approximately 49 kilometres of mainly pastoral farmland. This comprises approximately 24 kilometres of transmission lines connecting the turbines between two project substations and then ultimately to the main substation at Limestone Downs (hereafter referred to as “the internal line”) and a further approximately 25 kilometres from the Limestone Downs substation to the main switchyard near Orton (hereafter referred to as the “external line”), where it is planned that the main grid will divert and “tee-in” to the Orton switchyard.
12. Our consulting engineers for transmission, Beca Carter Hollings and Ferner (Beca), advised us that we would need to construct a 220kV line generally on single poles for the internal line connecting the smaller substations, and a double circuit duplex 220kV line built on larger transmission towers for the external line from Limestone Downs to the Orton switchyard.
13. Since the building of large connection assets such as a 220kV lines had not hitherto been a core business for Contact Energy, we considered a number of alternative ways in which we could execute the transmission aspects of the project. We initially held some discussions with Transpower who have expertise in the development and management of larger transmission lines. My impression at that time was that Transpower had many other higher priority transmission challenges, and that regionally, its own roll-out of larger transmission line projects in the Waikato region had been the subject of considerable controversy.
14. For these reasons we did not consider that Transpower was ideally placed to seek regulatory approvals and associated property easement rights for a

220kV transmission line in the area within the timeframe that we had in mind for the wind farm proper. From a project planning point of view, it was important that planning and consenting the transmission system remained closely aligned with that for the wind farm because of the need to ensure that, together, they made up an efficient and integrated system. We therefore formed the view that Contact Energy might achieve a more timely outcome if it used its own resources to undertake the required planning and designation of the route and eventual negotiation of property easements.

15. Transpower indicated that it was comfortable with this approach. I should note my view, however, that it is likely that some of the 220kV transmission assets (particularly those at the eastern end of the grid connection, closest to the existing Otahuhu Huntly line) will be built and perhaps owned by Transpower. It is my understanding that if the Notices of Requirement are approved by the Board, they can subsequently be transferred to Transpower (which is also a Requiring Authority).

### **Background to Requiring Authority Status**

16. In order for Contact Energy to successfully execute a transmission line of this size and length we determined that it would be important to secure Requiring Authority status. The advice we received was that, without that status, there was no certainty of obtaining rights over a continuous corridor of land over which the planned transmission line would need to pass, and that the entire project's viability could be threatened.
17. Standing back from the specific characteristics of the HMR wind farm, Contact Energy also determined that, increasingly, major new renewable energy projects were likely to be located in remote areas away from the main transmission grid. This would require the company to develop transmission expertise and execute transmission solutions as part of new remotely located generation projects. Therefore we decided that it would be prudent for Contact Energy (as distinct from Contact Wind) to seek Requiring Authority for the transmission aspects of this and future projects.
18. We sought approval from the Minister of Energy to grant Contact Energy the status of an Electricity Operator for all of the purposes of the Electricity Act 1992, including for the purpose of line function services. This was

granted by the Minister of Energy on 6th November 2007<sup>1</sup>. By reason of this status, Contact Energy was then able to secure approval as a Requiring Authority under s167 of the Resource Management Act. Given that transmission aspects of the HMR wind farm were somewhat behind the main wind farm development (for reasons I will discuss shortly), and in view of the urgency to bring both parts of the project into synch, we sought Requiring Authority status for the 220kV transmission aspects of the HMR wind farm alone (i.e. the three internal substations, the single circuit 220kV lines connecting them, the double circuit 220kV line to Orton, the switching station there, and the deviation of the existing line into that switchyard). This was granted by the Minister for the Environment on 15th November 2007<sup>2</sup>.

19. Shortly after this, Contact Energy lodged an application as an electricity operator for Requiring Authority status for all its future renewable energy generation projects which, at the time of writing this evidence, continues to be before the Ministry for the Environment for its consideration.

#### **Timeframe for and Development of a Transmission Line Proposal for HMR**

20. I have already referred to the absence of detailed analysis of options when Contact Energy became involved in the HMR wind farm in December 2006. When the Waikawau component of the project became more certain, our consulting engineers commenced a systematic analysis of the available transmission options for the whole project, reviewing afresh the preliminary work undertaken for Wind Farm Group. This exercise involved extensive evaluation of alternatives under a series of technical and environmental disciplines described more fully by Ms Yorke in her evidence. A final preferred corridor was not established by Beca until around June 2007.
21. Following the determination of the preferred route, we were able to begin analysis of affected properties and understanding of their ownership, develop a transmission information package, a suitable draft easement document, and what we felt (at the time) would be a reasonable compensation package.

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<sup>1</sup> A copy of the Gazette Notice is attached as **Exhibit WMM1**.

<sup>2</sup> A copy of the Gazette Notice is attached as **Exhibit WMM2**.

22. Our plan was to roll out the transmission aspects of the project to affected landowners in August 2007. Unfortunately some of the critical wind farm property agreements had not been finally completed at that point and the company felt, for obvious reasons, that we should not roll out the planned transmission route and commence negotiations with property owners until we were certain that these wind farm agreements could actually be concluded. This was only achieved in late September 2007. My understanding is that initial phone calls to arrange visits with affected landowners were made by our negotiation team (The Property Group) on 29th and 30th September 2007 and visits to property owners began almost immediately thereafter.

**Methodology employed to disclose and discuss the proposed line with affected landowners**

23. One matter that concerned the company greatly in the intervening period was the strong possibility that, in the absence of any detail about the transmission aspects of the project, many people living in the area between the 35km north-south length of the wind farm footprint on the coast, and the main grid some 30km inland would become unnecessarily alarmed at the prospect that the line might eventually cross their own property. While discussions and negotiations with wind-farm landowners had been conducted on a confidential basis, as the project grew larger in scope, we could not be confident that public speculation about the project and possible transmission options would not arise. This risk was further exacerbated by the increasing level of consultation we were undertaking with third parties such as local councils, technical experts and statutory agencies in the lead-up to preparing a resource consent application. While we were confident that these bodies would respect our request for confidentiality, the larger the number of people involved, the greater the likelihood that information would leak out.
24. We also recognised that larger transmission line issues had been a sensitive matter for the Waikato region, and we were advised by The Property Group that one of the historical problems had been a high level of preceding public misinformation that led to heightened concern by affected landowners.

25. In the light of this, Contact Energy decided to prepare a detailed information package to accompany our approach to the more than twenty affected landowners that included:

- a personalised covering letter from Contact Energy's CEO, David Baldwin
- an Information Memorandum of the transmission aspects of the project as they would affect each property;
- a draft set of legal documents designed to cover the option fee and easement agreements proposed (and discussed later in my evidence).

A copy of the original Information Memorandum for the external line is attached as **Exhibit WMM3**. I have not attached the booklet prepared for the original draft legal documents in this Exhibit because, as discussed later in my evidence, they went through a further series of iterations as discussions with landowners ensued. The booklet prepared for the internal line was in similar form, save for details specific to the internal line.

26. The internal line crosses a number of properties where the landowners are also involved in the project. This line also crosses two properties that are not in that category and which I discuss later in my evidence.<sup>3</sup> From the Limestone Downs substation, the proposed 220kV double circuit line then crosses fifteen separately-owned mainly rural and lifestyle properties before it reaches the proposed Orton switchyard. The planned deviation of the existing main grid line to the Orton switchyard directly affects a further five properties. The properties for both the internal and external lines are shown in the attached **Exhibit WMM4**. For transmission negotiations, the properties on which wind turbines are also planned have been dealt with as a separate group (referred to as the TMW Group). Nevertheless we resolved that the transmission information package for the TMW Group should be largely identical to the others, except for a smaller amount of compensation reflecting the additional benefits they stood to gain from the wind turbine revenue. My initial responsibility was to design an information package for both the TMW Group and the other landowners I will discuss later, I ultimately assumed a face-to-face role on behalf of the company with

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<sup>3</sup> See paragraphs 76 and following

each of the twenty-three other landowners. Consultation and negotiation with the TMW Group to date has been handled by Mr Yates.

27. As discussed above, the compensation regime and information memorandum package was generic in its detail but personalised to each property owner. Contact Energy appointed The Property Group who we considered were sufficiently resourced and skilled in property matters to personally deal with each landowner on a one-on-one basis. In particular, it was considered important to try and meet with all landowners within the shortest possible timeframe so that misinformation about the transmission route did not get spread before the Contact Energy representatives had an opportunity to contact each potentially affected landowner. This methodology was designed so that they could receive accurate and personalised details.
28. One of the subsequent criticisms raised by property owners on the transmission line was that Contact Energy did not choose to discuss the transmission line with them until the last minute, despite the fact that negotiations with wind-farm land owners had been progressing for many months, and only just before the project was announced publicly. While this criticism is understandable, I believe it fails to recognise that the transmission line corridor could only be crystallised with confidence and discussed once the size and nature of the wind farm was accurately known and therefore the likely transmission route, and easement agreements with the wind farm landowners concluded.
29. Another criticism raised by landowners was that they were presented with a “fait accompli” in the form of a set of documents, and given no opportunity to discuss or negotiate the proposals. Again, this criticism is understandable but, in my opinion, is flawed in two respects.
30. First, we felt it was critical that each landowner should receive a detailed information pack as far as practically possible, at the same time. Had we adopted a more informal and less detailed approach, perhaps spread across several weeks, I have no doubt that many landowners along the line would have become misinformed by hearsay, and therefore unnecessarily alarmed by incorrect information being spread informally .

31. Second, although we developed and presented what our property advisors and I considered to be a professional and detailed information pack personalised to each landowner, we never pressured anyone to sign up to these proposals at that time, nor have we ever done so since. At the time of writing this evidence, discussions and negotiations continue with most affected landowners. Later in my evidence I will describe how the transmission package has in fact evolved as we have responded to many ideas and proposals put forward to us by affected landowners and worked out how they might be best addressed.
32. One further criticism advanced by some landowners was that Contact Energy representatives did not personally front the transmission negotiations with landowners, instead utilising representatives from The Property Group as our agents. I understand that the appointment of property infrastructure agencies to execute one-off projects like this is not unusual, and at that time Contact Energy simply did not have adequate numbers of appropriately skilled people to personally visit all the affected landowners at almost the same time.
33. Even so, with the benefit of hindsight, I consider that Contact Energy should have taken more of a frontline role in the initial consultation with affected landowners. We have learnt from this and as I will describe later in my evidence I have been directly and heavily involved in consultation since then.

#### **Development of compensation proposals for landowners**

34. During the process of consultation with transmission landowners, I have encountered many issues raised about the proposed transmission route, but none has featured more regularly than the question of what is adequate compensation.
35. I understand that issues such as the adequacy of compensation would not fall to be considered by the Board of Inquiry in its consideration of an application for a Notice of Requirement to designate the proposed transmission corridor. However I note that several submitters have raised this as an issue and for that reason I consider it is important to express Contact Energy's view on the matter.

36. Easements for transmission lines are difficult to negotiate because landowners in general dislike the lines. However, as the lines are lineal in nature, they have to follow tightly defined routes and it is simply not feasible to avoid properties because the landowner has a dislike for them.
37. Mr Kent and Ms Yorke will discuss the studies that Contact Energy has commissioned to explore whether it is possible to place the 220kV line underground, or via a sub-marine corridor up the coastline. Suffice to say in this context that we have not been able to identify any economically (or practically for that matter) feasible alternative to the line being constructed via a conventional overhead system of towers and conductors.
38. Contact Energy has the view that whatever compensation regime is proffered, it should fairly reflect and compensate for the effects that the line will have on the subject property and inter alia, it should have the same set of principles for all affected landowners.. We do not think it is appropriate for one party to leverage their position and demand an opportunistic profit while others on the same line have agreed to settle on the basis of an objectively assessed methodology. Mr Crighton, in his evidence, will discuss easement compensation methodology. This is a subject that is outside the area of my expertise. My broad understanding though, is that Parliament has determined a means to balance the rights of individual landowners against the public benefit in relation to the provision of essential national infrastructure such as transmission lines. Thus the Public Works Act 1981 provides mechanisms whereby rights over private property can be acquired for essential infrastructure on appropriate terms.
39. In simple terms, I understand that compensation methodology is based on the premise that a landowner should be placed in a position that is no better, or worse, than prior to the works being undertaken. This is covered in Section 60 and subsequent sections of the Public Works Act whereby landowners are entitled to “full compensation”.
40. In the case of the HMR wind farm transmission line, several landowners have criticised the company for “sheltering behind” the Public Works Act compensation methodology, suggesting that this is the bottom line, and that a responsible company should be prepared to offer much more. Some have suggested that we should offer the landowners a share of the wind farm profits since the project cannot proceed without the transmission

connection. Others have suggested that we should adopt a per-tower basis of compensation as used by cellphone companies like Vodafone and Telecom. Others have simply chosen an arbitrary figure of what they want as their assessment of the value they assign to the presence of the line on their property.

41. There are also a few that have simply refused to meet with the company or its representatives and have vowed that the transmission line will never cross their land under any circumstances.

#### *Additional Compensation Options*

42. In my opinion, Contact Energy is not sheltering behind the Public Works Act and has actually tried to be responsive and reasonably innovative in developing its compensation methodology. In the following paragraphs I will describe how we have gone further than the Public Works Act provides in terms of its requirements for full compensation. As a preliminary comment I would say however that, in departing too far from the Act's compensation principles, the company runs the risk of establishing a precedent for other companies and statutory bodies involved in providing essential infrastructure. In my view, Requiring Authority status carries some generic infrastructure responsibilities and Contact Energy needs to have regard for the effects of its compensation proposals on other major infrastructure providers.
43. I understand that there are many thousands of compensation transactions carried out annually by central government, local authorities and other entities that are requiring authorities. My understanding is that most parties accept the compensation arrangement as a fair balancing of public and private rights and it is rare to hear of any significant disquiet over the compensation levels paid. The obvious exception is the construction of transmission lines, the focal point of which seems to have been the Transpower 400kV line project connecting Whakamaru and Auckland.
44. Our approach to compensation departs from s60 and subsequent sections of the Public Works Act in the following ways.

### *Purchase of an Option*

45. Contact Energy does not intend to commence building the transmission line immediately. In his evidence, Mr Geoghegan has explained that construction of this project will be triggered by market pricing signals and near-term forecasts that provide the necessary commercial confidence to commence construction. At the present time, and subject to resource consents being granted, we expect that transmission line construction might commence in 2012-2013 but this is still subject to much uncertainty.
46. It follows that Contact Energy is seeking to purchase, on a non-refundable basis, an “option” to acquire an easement from transmission landowners at some point in the future. This enables us to distinguish an incremental reward to landowners over and above the compensation required by s60 of the Public Works Act.
47. When we took our original proposals to landowners in September / October 2007, we priced this option at \$10,000 each for landowners whose properties did not stand to benefit from the presence of wind turbines (and \$5,000 for those that did). After further consultation with landowners, we agreed to increase the option fee and to more fairly reflect the relative value of the future easement as between different properties on the line. This resulted in a revised option fee scheme offered to landowners.
48. Under our new option fee arrangement for non-turbine landowners, there is a fixed component of \$20,000<sup>4</sup>, plus a variable component representing 50% of the estimated value of an easement over the subject property as assessed in today’s terms. This easement value assessment was a desk-top exercise carried out by Telfer Young Registered Valuers only for the purpose of establishing a relative value of the option fee across the range of affected properties. It is not intended to represent any easement compensation that will eventually be paid if, and when, the company decides to proceed with the project. That will be the subject of a separate compensation valuation exercise at the time, by two valuers – one appointed by Contact Energy, and one by the affected property owner.

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<sup>4</sup> In the case of turbine landowners, the option fee has been set at \$10,000 with no variable component.

49. That said, we have offered to underwrite the desk-top assessment valuation plus CPI adjustment from 1 January 2009, to ensure that the landowners will, at the very least, receive that inflation-adjusted sum if for any reason compensation methodology results in a decline over the intervening period. We would however expect that easement compensation will increase over time, especially if long term pastoral land values trend upwards.
50. The new option fee now ranges from just over \$30,000 for properties where the line has a very minor impact, to closer to \$100,000 for those where effects are likely to be greater. These fees are non-refundable even if the resource consents necessary for the project to proceed are declined or if, for some unforeseen reason, Contact Energy decides not to proceed with the project. In my opinion this option fee scheme is a significant and positive departure from the compensation provisions of s60 of the Public Works Act as it relates to the transmission aspects of the HMR wind farm.

*Rental Scheme Alternative*

51. Some landowners have suggested that any compensation scheme should offer the alternative of an annual rental approach rather than a one-off lump sum payment that lasts into perpetuity. The argument made to me is that if an owner wishes to sell their property then it is important to be able to offer the benefit of annual rentals to the new owner as some tangible compensation for the presence of the transmission lines. Some landowners on the line have expressed the view that, as they approach retirement age, they see their property as an effective superannuation scheme and that, in monetizing this asset, it is important that the transmission line can be seen as a source of income for any new owner just in the same way that other parts of the farm will produce ongoing productive income.
52. In my view, at least in theory, this argument is flawed because it would be expected that the compensation received by the original owner would effectively be passed onto the new owner by way of a slightly reduced price for the affected property. However the implication is that this benefit is not always identifiable in a sale price and it is more effective to be able to show an incoming owner an annual rental they will receive going forward.
53. To provide a rental scheme alternative, Contact Energy has had to develop a financial model that takes account of different tax treatments between

lump sum and rental payments, inflation effects on fixed rental schemes over time, and importantly, to come to terms with whether a lump sum scheme can effectively last into perpetuity if it is to be converted to an equivalent annual rental scheme.

54. We have therefore adopted a lump sum compensation scheme that lasts for 35 years rather than into perpetuity. At the end of 35 years, Contact Energy will have an automatic right to renew the easement for a further term of 35 years and further compensation will be determined by reference to prevailing and accepted methodology at that time.
55. Essentially the HMR transmission land owners now have the choice between accepting a lump sum compensation payment for a 35 year term, or an annual rental that is inflation-adjusted<sup>5</sup> each year that is 8.2% of the lump-sum compensation payment. By way of example, if lump-sum easement compensation was \$100,000, then a land owner could, in the alternative, choose an annual rental of \$8,200 per annum. If annual inflation averaged 2.5% over the 35 year term, the transmission line would produce total gross rentals over that timeframe of \$469,000<sup>6</sup>. We have also offered the landowners the opportunity to take 50% as lump sum compensation and 50% as an annual rental under this scheme.
56. This approach to easement compensation is, in my view, an innovative and fair variation from the lump-sum-into-perpetuity compensation methodology envisaged by s60 of the Public Works Act. One further advantage to the land owner is that if Parliament decides to change the basis of calculating easement compensation under s60 of the Public Works Act within the next 35 years, then that new methodology will be reflected in the revised easement compensation when, and if, Contact Energy decides to renew its easement.
57. There is also the feature that subsequent easement compensation payments will reflect future value in dollars of the day. I have had a number of conversations with farmers who have had transmission lines built across their property in the past, and who are aggrieved that the one-off compensation they received at the time now appears trivial in the context of

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<sup>5</sup> We have capped the annual inflation rate component at 5.0%.

<sup>6</sup> As I have noted previously (paragraph 52) there are however different tax implications under both schemes.

today's dollars. There are counter-arguments about whether the lump sum received many years ago could have been invested at rates superior to annual inflation, but lump sum compensation into perpetuity has nevertheless been a significant issue in the minds of some landowners.

58. I am aware that our adoption of a 35 year compensation approach has been viewed with some concern by at least one other infrastructure provider with requiring authority status. It is perhaps an example of Contact Energy trying to tread a fine line between adopting an innovative compensation approach for affected parties, but not, at the same time, creating a costly economic precedent for other requiring authorities that are also providing nationally essential infrastructure.

#### *Land Purchase*

59. Contact Energy has also adopted a pragmatic approach to acquiring land affected by the proposed transmission line. Although Contact Energy is among the largest listed companies on the NZSX by market capitalisation, just over 50% of its shares are held by Origin Energy Ltd, an Australian listed company. This means that Contact Energy faces the extra regulatory thresh-hold of securing Overseas Investment Office ("OIO") approval for any transactions in which the company seeks to purchase land. This has not, so far, proved to be an obstacle in securing a satisfactory outcome for special cases on the HMR wind farm transmission line. However, it has given rise to delay, cost and uncertainty dealing with specific situations. It is therefore fair to say that Contact Energy has a strong preference to purchase easements along the transmission line which are not subject to OIO consents, rather than purchasing properties. I note also that Contact Energy does not seek to become a long term landowner of pastoral farms, and will typically seek to sell any acquired properties as soon as practically possible.
60. Notwithstanding these general comments, we have remained willing to consider any special circumstances in which an outright purchase appears more appropriate than the negotiation of an easement. Some situations that have arisen have been:
- where a large part of the property is required for Contact Energy ownership to locate specific transmission assets, for construction

lay-down areas, or the development of mitigation projects such as areas of bush or wetlands that can be set aside;

- where the visual effects on the property are at a level where it is necessary to actively contemplate purchase as a more appropriate solution; or
- where there may be strategic benefits in securing a property to provide for future operational flexibility in the design of the transmission line.

61. Where a property purchase appears to be a sensible option, Contact Energy has encouraged the affected owner to go through an independent valuation process to arrive at a fair market valuation. This has not always been possible because some owners have a view that the value of their farm is well in excess of what is likely to be supported by any independent registered valuation, and are unwilling to be bound by such a process.

#### **Consultation with landowners to date and outcomes**

62. Aside from compensation matters, landowners affected by the proposed line have raised a number of other issues.
63. I have already mentioned that, with the benefit of hindsight, Contact Energy should have joined with representatives of The Property Group in fronting discussions and negotiations with affected landowners from the start. By the same token I do not believe that representatives of The Property Group were deficient in their explanation of the transmission proposals or their efforts to engage with landowners during the initial period from October 2007 to late January 2008. We became aware of the need to take a more active role as The Property Group gave us feedback from its early visits, and also by virtue of direct approaches to the company from some landowners along the proposed corridor.
64. Immediately prior to Christmas 2007, and as a result of representations by several landowners, Contact Energy had commissioned an expert study on the viability of undergrounding the transmission line. This study and its conclusions are the subject of separate evidence to be given by Mr Kent. We decided that a copy of the completed undergrounding study should be forwarded to all landowners on the line under cover of a personal letter from

our Chief Executive, David Baldwin. A copy of a typical letter sent out to landowners in early March 2008 is attached as **Exhibit WMM5** . In this letter Mr Baldwin apologised for Contact Energy staff not personally being involved in the initial consultation and made himself personally available to any landowner who wished to discuss matters with him.

65. Mr Baldwin's letter also refers to making available some of his senior team to take a more active part in discussions. As I have already noted, this was a role to which I was appointed. I can confirm that since writing his letter, Mr Baldwin has also met personally with a number of the landowners along the route to discuss issues, and continues to make himself available for that purpose. I also note that, in the same letter, Mr Baldwin offered to attend a meeting of landowners collectively and I will return to this later in my evidence.
66. I have personally met with all but a few landowners on the internal and external transmission line out to the Orton switchyard on at least one occasion since March 2008<sup>7</sup>. Those that I have not met have declined to have any discussions with either Contact Energy or its agents, on the basis that they do not wish to have the transmission line cross their property under any circumstances, or alternatively, that they will follow the lead set by other landowners on the proposed line<sup>8</sup>. My colleagues and I will continue to try and engage with these landowners, but there is little we can do if they do not wish to meet with us.
67. One consequence is that where such landowners have not wished to engage, or have met us but declined to allow the company's consulting engineers to physically inspect the proposed corridor which is the subject of our application for a Notice of Requirement, we have had difficulty narrowing the corridor from the preliminary design of 400 metres width. In other situations where we have been able to visit the affected property, consider engineering and construction issues, and discuss alignments, our consulting engineers have been able to reduce the proposed corridor required for designation to a much narrower width. Ms Yorke discusses this

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<sup>7</sup> This excludes members of the TMW Group.

<sup>8</sup> Specifically those I have not met are the Deanes, Greys, and Mr Rasmussen (Matairoa). I have also not met a few of the landowners affected by the main grid deviation into the Orton switchyard with whom we will need to negotiate easements, but those in this latter group (whom I have not met) appear to be proceeding with easement negotiations without the need for my direct involvement at this stage.

in her evidence. For those landowners that I have met I believe I have tried to listen with an open mind to issues raised and to respond as positively as I can against the obvious general backdrop that people do not like transmission lines, and would rather that the preferred corridor be placed anywhere other than on their own property.

68. I have formed the view that, for Contact Energy, the process of executing the HMR wind farm transmission line corridor and agreeing upon easements with each affected landowner is a mix of consultation, and negotiation. I think that one moves from one mode to the other depending upon each landowner's set of concerns. In some cases they may be worried about operational or environmental issues, while in others these are less a cause for concern than reaching a financial agreement over compensation, documentation, or property purchase. In my evidence I do not propose to dwell on the latter issues, but I will now set out the issues raised in consultation and how we have tried to respond to them.

### **Other Issues Raised During Consultation**

#### ***Property Values and Tainting***

69. I have already referred to Contact Energy's approach to easement compensation and methodology. Some landowners expressed concern about the future possibility of a transmission line (i.e. before it was actually present), severely depressing the potential saleability of the affected property. One owner held the view that the market for larger rural properties was shrinking because the price of farms had got beyond the reach of younger farmers. Remaining potential buyers were typically larger corporates or wealthy partnerships who would substantially discount properties that were marked by the presence of transmission lines. It was suggested to me that this type of larger buyer would only purchase a farm with transmission lines present, if it were devalued by 30-50%.
70. In response to this concern we commissioned a report by Crighton Anderson to explore valuation and easement compensation issues. We distributed a copy of the final report to all landowners on the proposed transmission route in August 2008. Mr Crighton will give expert evidence on his findings and observations, but broadly the study concludes that on this issue, while there may be a change in the typical buyer type within the

pastoral market, there is no measurable influence on the marketability of a property where transmission lines are present. The report also notes that off-farm investors are likely to be less concerned about injurious affection than an individual who lives on the property.

### ***Undergrounding or Marine Corridor***

71. A very strong and consistent view expressed by landowners during consultation was that the line should be placed underground. We agreed that such an approach would result in a better environmental outcome from a visual perspective and so, in late 2007, we commissioned a study by international experts to explore the viability of such an option. Our terms of reference to the authors made it very clear that Contact Energy was open-minded on this issue.
72. The final report forms part of the AEE suite of technical documents (R01) and will be the subject of evidence by one of its principal authors Mr Kent. Their broad conclusion, was that such an option would cost around \$367 million (or \$278 million for a single circuit providing less security of supply), compared with an estimated \$33 million for the overhead route. A partial undergrounding option was considered at the eastern end of the proposed line, but this was also prohibitively expensive at \$76 million. As Mr Baldwin notes in his letter (**Exhibit WMM 5**):

*“At this level of cost, it would not be possible for us to undertake the project for many years (if at all) and in the absence of other renewable options of this size and importance we would have to turn back to relying upon burning fossil fuels (which would more than likely be imported natural gas) as a source of electricity”.*

73. Some landowners remained unconvinced that the underground study presented an accurate picture of likely costs and sought further detailed information. We provided this in a supplementary note to the Pylon Action Group<sup>9</sup> which is attached as **Exhibit WMM 6**. I understand from Mr Kent's evidence that he now considers the single circuit cost to be more likely to be around \$220 million. Even if that were the case, the differential is very substantial and I believe would not alter the conclusion expressed by

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<sup>9</sup> I understand that the Pylon Action Group is made up of an unspecified group of landowners along the proposed transmission route, chaired by Mr Harford of Bramwell Farms Limited.

Mr Baldwin in his letter. Beca engineers also carried out a desktop study of the viability of a sub-marine corridor. This will be discussed by Ms Yorke in her evidence but the practical challenges and costs associated with this option made it even less viable than the undergrounding route.

#### ***Using Crown-owned land and DOC Estates***

74. Some landowners believed that the transmission corridor should proceed across land owned by the Crown since the need for a project of this nature and size came about as a result of the last Government's policy that sought a commitment to 90% renewable energy by 2025 and, in the minds of the landowners at least, the Government could not have it both ways.
75. Regardless of the merits and possible environmental consequences of this argument, we responded by examining whether there was sufficient Crown owned land for the corridor to proceed from the wind farm to the main grid across such land. A cadastral map attached as **Exhibit WMM 7** shows that there is hardly any such land in the area.

#### ***Using more northerly corridors that cross the Waikato River***

76. Landowners felt that the corridor could proceed across the Waikato River in a more northerly direction to connect at Otahuhu. A number of such corridor options were investigated by our consulting engineers as part of the transmission analysis which Ms Yorke will describe in her evidence. These alternatives were found not to be viable.

#### ***Internal line – Northern Option across Turbine Owners' land***

77. There are four properties at the northern end of the internal 220kV line that do not also have wind turbines located on them. These are owned by the Deane Family, Kokonga Farms Limited, Mina Whare and others, and the Whitford family. The latter two have connections to turbine land owning properties and so might be excluded from this analysis. These properties are shown on **Exhibit WMM 4**.
78. At an early stage in our consultation process, Kokonga asked the company to relocate the line beyond a small area of forestry planting at the western edge of its farm, thereby minimising any visibility from key Kokonga farm dwellings. Although this took the line quite close to a neighbouring dwelling

(Mr and Mrs Course), we consulted with and obtained their agreement to this proposed alignment which now forms part of the Notice of Requirement.

79. Kokonga then objected to the passage of the 220kV single circuit line across its property in total, on the basis that neighbouring farms that stood to gain economic benefit from wind turbines should have to accommodate the section of the transmission line that was (and is still) proposed to cross the Kokonga and Deane properties. Kokonga claimed that the Deane Family also supported a shifting of the transmission line to maximise use of the wind farm properties, though to my knowledge we have never received any formal confirmation from the Deane family that that is their position.
80. Although we were satisfied that the proposed route across Kokonga was the best practical option against our evaluation criteria, we responded to the Kokonga request by asking Beca to develop a possible alternative transmission route closer to the coast concentrating its location on proposed wind-farm properties. This alternative route and associated analysis was referred to in a subsequent report as “Option 2-Int”. The Option 2-Int is discussed in the evidence presented by Ms Yorke and I do not propose to discuss the technical analysis except to comment on how we have treated the economic fairness issue raised by Kokonga.
81. My view was that Option 2-Int should be evaluated on an objective basis in the same way as the rest of the 220kV line that is the subject of this Notice of Requirement, using expert technical advice on engineering, ecological, archaeological and visual and landscape effects. Across the rest of the line, in formulating a preferred corridor, we have tried to avoid taking into account any personal or subjective views about transmission lines that may have been expressed to us by individual landowners, since in our view they are likely to lead to a distorted outcome not able to be defended by objectively verifiable criteria. Moreover, to the extent that owners are affected by the presence of the line on their properties, this should be reflected in full compensation methodology anyway.
82. That is not to say that property criteria have been ignored in selecting an optimal transmission line corridor. Our approach in weighting property issues on the comparative assessment tables is to look at four factors - proximity to dwellings, visual impact on dwellings, impact on land use, and

amenity values<sup>10</sup>. In the case of the first two, such evaluation will obviously extend to neighbouring properties as well as those of the transmission landowners themselves.

83. Option 2-Int was developed and considered against the background of a different issue which was that those who stood to gain some economic benefit from the presence of the wind turbines should also have to bear, to the extent reasonable, the inconvenience and general dislike of associated transmission lines that prevails amongst non-turbine landowners. This issue had already been addressed in another circumstance by relocating some of the external transmission line to a remote (but more ecologically sensitive) area of the Limestone Downs property, which is a turbine landowner, so as to have less impact on the neighbouring non-turbine land and its owners (the Greys). In that case it was determined that, despite the line crossing a small area of native forest, the objective criteria would not be unduly prejudiced by such a relocation.
84. The existing section of the internal 220kV route (referred to in the comparative analysis as Option 1-Int) affects two wind turbine landowners (or parties related to them), and the two non-turbine landowners referred to in Paragraph 76 of my evidence. Option 2-Int, if it had been adopted, would have taken the line across five wind turbine landowners and one non-turbine landowner. The latter is Mr Mark Deane who owns that property in his own right, in addition to being a partner in the Deane Family property referred to above. Option 2-Int thus avoids the Kokonga and Deane Family properties and the Whitford property.
85. Our experts analysed Option 2-Int on the objective criteria described above. Having reached a view on these matters (as discussed by Ms Yorke in her evidence), the key issue to me was if, and by how much, the property criteria identified in Paragraph 81 should then be discounted to reflect that five properties along Option 2-Int were owned by wind turbine landowners who stand to get economic benefit from the project.

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<sup>10</sup> Although difficult to objectively rate, the amenity value criterion tries to assess the relative amount of land that is occupied by the transmission line compared to the overall size of any property as a guide to how much the amenity value of a property will be affected by the presence of a line.

86. I considered that it would be unreasonable if the wind farm landowners did not accept some bias, reflecting their economic interest in the project, towards accommodating the 220kV transmission line, but equally, I considered it unreasonable to ignore completely all effects on them when determining an appropriate alignment. Accordingly in evaluating Option 2-Int, Contact Energy has adopted the pragmatic step of applying a zero weighting to the last two of the four property criteria – land use and amenity values. In other words, we have concluded that the effects on land use and amenity value caused by the presence of the transmission line should be ignored in the case of wind farm land owners, but that the proximity and visual impact on dwelling factors should receive a normal weighting.
87. The end result is that, under our objective criteria assessment used to decide between Option 1-Int and Option 2-Int, we have retained Option 1-Int across the three non-turbine landowner properties.

#### ***Property-Specific Realignments of the Corridor***

88. Where it has been possible to progress discussions with landowners to the point of fine-tuning proposed alignments, we have been able to adjust the proposed corridor to avoid operational issues (e.g. top dressing access, or moving towers away from more productive flatland areas) identified by the landowners. Ms Yorke discusses this process in detail in her evidence.

#### ***Topdressing***

89. One recurring issue is that the presence of the transmission line will interfere with the location of airstrips and safe operation of topdressing aircraft on various properties. For its part, Contact Energy accepts that it must find a practical solution to these issues. In two cases (Orton and Reeve properties) we have been able to relocate the line on the subject property to avoid a flight path.
90. At the eastern end of the line several of the landowners have advised that they will not be able to use their existing airstrips as a result of the presence of the line. As already noted Contact Energy plans to purchase strategic property holdings along the transmission route (and has already purchased the Cameron property). Contact Energy's preferred solution is to construct or upgrade an existing airstrip on nearby land owned by Contact Energy

that could be used by all the affected properties in that area. The incremental costs of fuel and aircraft time required to travel any small extra distance to the affected properties would be met by Contact Energy. Alternatively if this is not possible, Contact Energy would meet the incremental cost of helicopter spraying for affected properties. Either way, Contact Energy's commitment would be contained in the property agreements with each affected landowner.

### ***Animal Health and Welfare***

91. A few landowners have expressed concerns about the effect of power lines on the health of grazing livestock.
92. In response to this we asked Dr David Black to prepare an assessment of potential effects of high voltage transmission lines on domestic and other animals. A copy of this report was forwarded to the landowners who had raised this specific issue with us. Dr Black will also give evidence on this and other related matters to the Board of Inquiry.
93. The nub of Dr Black's report was that the planned line is well below electric and magnetic field standards specified by the International Commission on Non Ionising Radiation Protection (ICNIRP). These standards are designed to protect mammalian species against all known effects of such fields by a safe margin. The report identifies a remote possibility that some animals (especially horses) might be susceptible to electric shock which, while harmless in itself, may startle or frighten the animal.
94. Even though the risk appeared remote, we decided to proffer another condition in our Notice of Requirement application requiring on-site assessment and mitigation of any specific risks.
95. One of the landowners (Mr Walter) who was a recipient of the animal health report expressed subsequent concern about the line affecting his ability to ride a horse in its vicinity. In response to this, we arranged for Dr Black to personally visit the owner, discuss his concerns with him, and reassure him concerning horse riding and safety aspects.
96. A related issue was the stance that Contact Energy would take if an animal were accidentally killed by, for example, a lightning strike caused by the presence of a transmission tower. We have agreed that Contact Energy

will compensate the landowner for loss suffered due to the presence of the transmission lines on the land and this is incorporated in revised offer documents. A copy of the current version of the offer documents marked up to show the changes that we have made in response to issues raised by landowners is attached as **Exhibit WMM 8**.

### ***Other Operational Concerns***

97. During my meetings with landowners and in subsequent correspondence a number of other more minor matters have been identified.
98. The Walter family expressed concern that in the event of an outage they may be called upon to offer practical assistance to a maintenance contractor who had become stuck, for example, in wet conditions. I noted that the line was unlike a local network transmission line that would require call-outs in bad weather to ensure services were maintained. Even so we provided in our revised offer that we would compensate the landowner for any practical assistance provided.
99. Some landowners have sought assurances that Contact Energy would work with them to ensure that there was minimum practical disruption to the operation of the farm if access was required for any purpose. We have always considered this important as a good faith matter between the landowners and Contact Energy, but for further assurance we incorporated a clause to that effect in our revised offer.

### ***Public Meeting***

100. Earlier in my evidence I noted that Mr Baldwin had agreed to attend a collective meeting of landowners if that was organised by Mr Harford who was then the Chairperson of the Pylon Action Group.
101. This meeting was held at the Wairamarama Hall on 21st April 2008 and was chaired by Mr Harford and the Mayor of Franklin District Council, Mr Ball. My recollection is that the meeting was well-attended by most landowners on the planned transmission route, as well as a number of interested members of the public. Mr Baldwin attended the meeting, as did a number of Contact Energy's management team.

102. Mr Baldwin explained the company's stance on the transmission line to the meeting and answered a number of questions, many of which centred on the undergrounding alternative. To assist attendees at the meeting, Contact Energy prepared and displayed several photomontages of the transmission line prepared by Isthmus Group and taken from its report, and presented a DVD fly-through (prepared by Beca) of the external route. The fly-through depicted the transmission line against the landscape and topography with each of the affected properties along the route identified by subtitle. A copy of this DVD has since been sent to all the affected landowners on the external line. Mr James produces an electronic copy of this DVD with his evidence.
103. My impression was that the people who attended the meeting continued to be far from happy with the prospect of the transmission line proceeding, but acknowledged that the company had at least fronted to explain its position and respond to questions.

#### **Tier Two Consultation**

104. Our approach to consultation on the transmission line has been to divide affected parties between those who are landowners whose property the line will actually cross (hereafter referred to as T1) and those neighbouring properties whose dwelling is within 1.2km of the centre line of the planned corridor (hereafter referred to as T2). Because the corridor planned for designation is typically 200 -400 metres wide, T2 dwellings would therefore never be less than one kilometre away from a transmission tower if the actual line were built on one or other edges of the corridor.
105. I have already described the actions we have taken in consultation and negotiation with T1 landowners. In this section of my evidence I will briefly describe the actions Contact Energy has taken to consult with T2 neighbours about the proposed transmission line.
106. We subdivided T2 neighbours into two categories - those who have an assessed line of sight from their dwelling to the proposed transmission towers which is less than 1.2 kilometres, and those who do not have such a line of sight. My colleagues determined theoretical line-of-sight using Windpro software which has the capability to analyse land contours between two points. Without going on to the actual properties, we cannot

be certain that their possible view of future transmission towers is not actually obscured, for example, by intervening landscape features such as trees or whether their house is oriented away from the line. But in any event, we considered this was a suitably conservative approach to determine visual effects for neighbouring properties.

107. In determining an appropriate consultation radius, Mr Lister (Isthmus Group) advised us that a direct line of sight of between 500 metres and one kilometre is likely to make such towers “moderately” visible. He advised us that the extent of visibility depends upon how the towers merge with the general landscape. The proposed transmission line will be sited below hill lines where possible and has been designed to merge with the background landscape as far as possible.
108. Even so, transmission towers are easily visible to the naked eye at significant distances and it is a matter of subjective opinion as to what represents an adverse visual effect to any individual. For example, we have consulted with one landowner (Mr and Mrs Bradley) who expressed concern about the transmission towers and potential adverse effects even though their property is some six kilometres away from the planned transmission line.
109. Using our line-of-sight modelling, we determined that there were approximately 30 houses across the total 57 kilometre length of the transmission line (excluding T1 properties) that would have a line of sight of less than one kilometre to at least one tower. Of these 30 dwellings, 23 are located around the planned switchyard and associated lines near Orton. The remaining seven are neighbouring dwellings that are scattered along the planned transmission route.
110. I understand that this line-of-sight assessment is likely to be conservative since the modelling software does not, for example, take account of intervening features such as stands of trees, or the way in which a dwelling is positioned for visual aspect. Even so, we decided to adopt this conservative assessment in our consultation approach.
111. In assessing those properties neighbouring the planned switchyard we considered that, since several were to the east of the existing Huntly - Otahuhu line, any deviation of the line further to the west would, in principle,

amount to a betterment of their existing position from a visual perspective. That being the case, in January 2008 we wrote to the remaining properties advising them of the project and possible line of sight implications from our Windpro model. A typical letter is attached to this Statement of Evidence as **Exhibit WMM 9**.

112. In October 2008, we wrote again to all T2 (i.e. including those properties who were likely to benefit from a relocation of the existing Huntly to Otahuhu line) providing them with some further analysis of our Windpro modelling and estimated line-of-sight visual effects. This letter was also accompanied by an aerial map showing towers that would be removed and replaced, and the switchyard location. A typical example of our letter is attached as **Exhibit WMM 10**.
113. Our T2 consultation process on the transmission line has had to be tempered by ongoing discussions with directly affected landowners (T1). The line has been shifted on several occasions and at the Orton switchyard end has also been affected by our ability to secure required land for the construction of the switchyard assets. The challenge has been to keep T2 parties informed without raising the prospect of a line location which subsequently does not materialise. For example, in the early stages of our transmission line option development we had planned to take the switchyard location further to the south, but subsequent visual and geotechnical investigations of a target area suggested the site was not particularly suitable.
114. The summary of our consultation process with T2 parties has been that very few (about five) of the affected T2 line-of-sight properties have contacted us for further discussions, and we have been able to make reasonable progress after visiting and meeting with each. Beyond offering planting on affected properties to provide screening, there is not much that can be done to mitigate adverse visual effects for T2 neighbours whose dwellings are within one kilometre of proposed new transmission towers. However the reality is that there are very few that are adversely affected (see the evidence of Mr Lister). This reflects the effort of Contact Energy and its design team to locate the preferred transmission corridor away from built-up areas and generally below hill lines, thereby merging with the rural landscape as far as possible.

## Submissions

115. In my evidence so far I have explained our general approach to a number of matters that are the subject of specific issues raised in submissions. I do not propose to restate these. However some submissions have raised points that I have not dealt with in my evidence thus far, and I will now address these on a submission-by-submission basis.

116. Earlier I noted that there were 23 landowners across whose properties the transmission line would cross, other than those that would benefit from the placement of wind turbines on their land. Of these 23 landowners, nine have lodged submissions opposing the transmission aspects of the project<sup>11</sup>. Of those nine, two are on the internal footprint, and one is on the external connection deviation from the main grid. These are shown on the map attached as **Exhibit WMM 11**

117. I now address some of the issues raised by those submitters, insofar as my own role is concerned. Technical issues raised by these submitters are addressed elsewhere in the evidence of the technical experts.

*Mr E B Allan and Ms E Wright (Submissions 42 and 43)*

118. I have met Mr Allan and Ms Wright at their property at Opuatia. Their submissions raise a number of issues with which I am familiar and that are dealt with by separate evidence. On the issue of topdressing and continued access to their airstrip I refer to my earlier discussion as to Contact Energy's plans to address this matter.

*Gavin and Janice Ball (Submission 34)*

119. I have visited Mr and Mrs Ball at their property at 1047 Wairamarama Road. Their submission raises a number of issues with which I am familiar and that are dealt with by separate evidence. However they raise some matters upon which I am in a position to offer a response.

120. Mr and Mrs Ball are concerned about the farming and operational constraints that will arise from the placement of the transmission line. We have previously offered to have our transmission engineering advisors visit the farm, discuss the operational concerns with them and look at ways in

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<sup>11</sup> This excludes multiple submissions from members of the same family, trustees or associates of the affected property.

which the line alignment might be fine-tuned to reduce or eliminate such concerns. They declined this offer.

121. They also discuss access to the property by various contractors and agents to build and maintain the line noting that the only access is via their Wairamarama Rd entrance some thirty metres from their home. They assert that there will be serious problems regarding farm management, traffic, noise, air pollution and privacy.

122. While I would accept that some disruption is likely, in my view the proposed Option and Easement Agreement provides reasonable safeguards for them. For example, Clause 3. of the Option Agreement states that:

- *Contact will endeavour to schedule access onto the Land to carry out the Investigations for periods which minimise disruption to the Owner's use of the Land and will provide at least five (5) days written notice to the Owner prior to entry on the Land. Where practicable the notice shall include details of the time Contact expects to remain on the Land and the type of any equipment that is likely to be required to carry out the Investigations.*
- *Contact will access the Land and carry out the Investigations in a manner which does not materially adversely affect the Owner's normal farming operations, and shall during this time:*
  - *cause as little damage as reasonably possible to the Land;*
  - *complete all work promptly and in a proper and workmanlike manner;*
  - *leave any gates as they were found;*
  - *restore the Land as near as reasonably possible to the condition it was in prior to the carrying out of the Investigations;*
  - *make good any part of the Land which is damaged by Contact;*
  - *not leave on the Land any rubbish or debris or obstruction except while work is being carried on upon the Land;*
  - *upon receipt of valid tax invoices, pay any fair and reasonable costs that the Owner incurs in providing Contact (at Contact's request) with practical assistance in relation to the Investigations;*

- *The parties agree to work together in good faith to resolve any issues in respect of the Owner's farming operations on the Land that arise as a result of Contact carrying out the Investigations.*
123. These obligations are largely repeated in Clause 4. of the draft Easement Agreement, as well as further undertakings such as:
- *That when the Grantee exercises its rights under this Easement Instrument it shall do so at all times in a manner so as not to obstruct or hamper the Grantor and its tenants, agents, employees and contractors in their normal or reasonable use of the Servient Land.*
  - *To ensure compliance at all times with all statutes and regulations, ordinances and by-laws, and to obtain all approvals, consents and authorisations as are necessary for the Grantee to lawfully conduct the activities permitted by this instrument, including compliance by the Grantee's agents, employees and contractors entering upon the Servient Land from time to time.*
  - *That the Grantee will reimburse the Grantor for any uncompensated damage suffered to the Servient Land and/or any undertaking carried on from time to time on the Servient Land where, or to the extent that, such damage is directly caused or contributed to by the location of the Transmission Lines on the Servient Land.*
  - *The Grantee will give notice to the Grantor before exercising its rights under this Easement Instrument as follows:*
    - *before entering the Servient Land to build, construct, install, lay, remove, repair, maintain, renew, alter, replace, upgrade, add to or modify the Transmission Lines, the Grantee will give the Grantor at least ten (10) Working Days' notice in writing; and*
    - *before entering the Servient Land to inspect or operate the Transmission Lines, the Grantee will give the Grantor at least five (5) Working Days' notice in writing.*
    - *If the Grantee gives notice under clause 4.2, the Grantor may set reasonable conditions relating to the timing of entry onto the Servient Land but these conditions may not:*
      - *delay the entry by more than five (5) Working Days;*
      - *require monetary or other consideration; or*
      - *otherwise defeat the ability of the Grantee to exercise effectively its rights under this Easement Instrument.*

- *In the case of emergencies (being where entry onto the Servient Land is necessary in circumstances of possible danger to life or property or to maintain the continuity or safety of the supply and distribution of electricity), the Grantee may enter onto the Servient Land without giving prior notice to the Grantor but will give notice to the Grantor as soon as possible and in any event within five (5) Working Days following the entry onto the Servient Land and will comply with all other provisions of this Easement Instrument.*
124. Finally on this point, I note that the compensation methodology provides for an allowance for temporary disturbance during construction, including land affected by temporary access rights or laydown areas, and any associated loss of production.
125. Mr and Mrs Ball note that there is uncertainty surrounding the fact that the Option and Easement Agreement provides for a lapse period of four years with a right to renew for a further two years, while the Notice of Requirement that is the subject of this Hearing provides for a lapse period of ten years.
126. Contact Energy is confident that it will know at the latest within 6 years whether or not the project is going to proceed, and therefore whether it needs or wants to exercise the Option, but that does not mean that construction will necessarily start within that time, and certainly does not mean construction will be finished within that time frame.
127. A longer lapse period is required on the designation because although there is an ability to extend the designation lapse period by a further application to Franklin District Council (in this case), lapse occurs unless construction is complete.
128. Mr and Mrs Ball assert that although Contact Energy undertakes to decommission lines if they are no longer required, it does not commit to doing so within any timeframe leaving a legacy of unused pylons and transmission lines across the landscape. In fact Clause 12. of the Easement Agreement requires Contact Energy to “**forthwith**<sup>12</sup> sign all necessary documents and do all such acts and things necessary to effect a surrender of the Easement Instrument and the Grantee shall decommission the Transmission Lines and in doing so, shall use its reasonable

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<sup>12</sup> Emphasis added

*endeavours to complete the decommissioning in a manner so as to avoid for so far as reasonably practicable the Transmission Lines becoming an undue hazard*'. I consider that this clause already imposes an obligation on Contact Energy to act expeditiously to decommission the lines, but we would be happy to add further words to the Clause indicating that we would do so as soon as practically possible.

129. Mr and Mrs Ball also note that Contact Energy representatives have advised them that "decommissioning" had the meaning of "*removing the pylons, transmission lines and any structures which they have created on our property, re-instating the land to its original condition at Contact's cost*". They observe that this expansion of the meaning of "decommissioning" is not, however, included in the Easement Agreement. Contact Energy would have no difficulty in adopting this explanation in any agreement with Mr and Mrs Ball (or any other landowner for that matter).

*Federated Farmers (Submission No. 86)*

130. Federated Farmers assert that a liability may arise on the part of landowners for outage of the lines in the event that maintenance required to be undertaken by, and at the cost of, the landowner is not done. The submitter considers that the landowner should be indemnified.
131. It is correct that Contact Energy may seek to recover costs in certain circumstances such as, for example, where the landowner may have placed a building, structure or planted trees within the easement area, or permitted one of its contractors to wilfully or negligently damage the transmission lines. I do not think this is unreasonable and can see no reason why the landowner should be indemnified. On the other hand Contact Energy places no expectation or requirement on the landowner to undertake any maintenance of its transmission assets.
132. Federated Farmers also asserts that the compensation should go beyond the requirements of the Public Works Act. Earlier in my evidence I have explained that Contact Energy's compensation proposals do, in fact, go well beyond the requirements of that Act.

*Richard Gemmell (Submission No 61)*

133. Mr Gemmell has expressed a number of objections pertaining to the Notices of Requirement for the transmission lines and Orton switchyard. Mr Gemmell lives at 1378 Wairamarama Rd the dwelling of which is approximately two kilometres distance from the nearest transmission line. Earlier in my evidence I discussed the neighbouring landowners with whom we had consulted, and the advice we had received from our landscape experts (Isthmus Group) that lines and towers would be “moderately” visible from one kilometre away. Our advice was that between one and three kilometres distance is considered to be “low visibility” and beyond three kilometres is “negligible”.
134. I understand that Mr Lister addresses Mr Gemmell’s concern about visual effects in his evidence.

*Martin Hansen and Nancy McConnell (Submission No 89)*

135. I have met on a few occasions with Mr Hansen and Ms McConnell and as their submission suggests, they have vigorously argued for undergrounding of the section of the line for theirs and surrounding properties at the eastern (Orton) end. They also seek compensation based around either profit-sharing from the wind farm, or via a methodology based on the number of towers on each property and in accordance with the sort of payments made by telecommunication companies for installing cellular towers.
136. Mr Crighton will give evidence on accepted practice for compensation methodology. I have explained to Mr Hansen that I do not agree that a comparison can be drawn with telecommunication companies. It is inherent in wireless communication that there is a degree of flexibility in the location of cellular towers. Electricity transmission involves long lengths of electricity cabling and transmission companies do not have the freedom of choice to run the transmission line across the landscape in a random manner until they find a landowner prepared to accept an arrangement based on similar pricing to cellular phone towers.
137. Nor do I think that the per-tower approach reflects a fair basis of compensation as between different landowners. For example, it does not reflect injurious affects arising from the line passing close to a dwelling, nor

the pro rata effect of the overall easement required as a percentage of the size of the property.

138. Finally, I think it is unsustainable to pitch for substantial compensation including an element of “profit” simply because other landowners involved in the project might themselves stand to make a profit. In my view, the concept of what is “adequate profit”, is an arbitrary view that, left to the judgment of individual landowners, would result in a ratcheting up of the cost of the line to a point where it might never be built. My recollection is that when I raised this response with Mr Hansen he suggested that a lump sum “profit” from the line should be pooled and landowners could then decide amongst themselves how it would be divided between them. I do not think this idea is workable, or appropriate.

*Kokonga Farms Limited (Submission No. 39)*

139. I have already discussed the Kokonga property earlier in my evidence in the context of successive shifts of the proposed transmission route, and the preparation of the Option 2-Int report.
140. In passing I should note that the alternative relief sought by Kokonga (in the event that the Notice of Requirement is not declined) requires at point b (i) that the designation should be not less than 75-80 metres. In fact, the Notice of Requirement for this part of the line seeks a designated corridor width of approximately 200 metres, although the suggested conditions envisage that the designation width will be reduced from that once detailed design is undertaken.

*Peter Mandeno (submission No 59)*

141. I, and several of my colleagues including Contact Energy’s CEO, have been consulting and discussing Mr Mandeno’s position and his sale objectives with him for several months. His submission reflects our inability to reach an acceptable agreement with him over the price for acquisition of his property. Although Contact Energy is not obliged to purchase Mr Mandeno’s property as he asserts, we have been willing to engage in a process to discover a fair and reasonable price for the property to enable him to move forward with his life.

142. The process has been frustrated by Mr Mandeno's insistence that the property is a potential dairy platform, with the result that his asking price to date has been substantially more than what has been assessed by a number of Registered Valuers.

*Joe and Linda Partridge*

143. Mr and Mrs Partridge reside in Manurewa but own an 18.5 ha rural residential allotment at 1127 Churchill Rd that will be affected by the deviation of the main grid to connect to the Orton switchyard. My view is that the property will be sufficiently adversely affected that it may be an optimal outcome for all parties for Contact Energy to purchase the whole property from the Partridges, rather than an easement.
144. Contact Energy and the Partridges have each appointed a Registered Valuer to arrive at a fair market valuation with a resulting range between \$450,000 and \$600,000. These values were arrived at using valuation standards including a highest and best use for the land. Mr Partridge believes that his plan to convert the property to several small lifestyle blocks has been frustrated, and that the appropriate price for the sale is therefore around \$1.2 million, that is to say, double the valuation put on the property by the valuer he has appointed. Our Registered Valuer audited Mr Partridge's \$1.2 million calculation and concluded that, even if his development plans were realistic, after deducting interim development and holding costs, the cost of the property prior to development would be around \$450,000.

*Gary Rasmussen (Submission No. 95)*

145. Mr Rasmussen owns the property known as Matairoa on the external transmission line route near the Limestone Downs end (identified on **Exhibit WMM 11**) We have tried to meet with Mr Rasmussen to discuss the project and the operational impact of the lines on his property, but he has thus far refused to engage with the company.

*David and Pam Walter (Submission No 60)*

146. Mr and Mrs Walter's property is also located on the external route at the Limestone Downs end (see **Exhibit WMM 11**). I have met with Mr and Mrs Walter on two occasions, and my colleagues have also had meetings with

them. They have raised a number of issues with us with respect to the passage of the transmission line across their property, all of which I believe we have responded to in a fair and positive manner. We continue to discuss various transmission matters with Mr and Mrs Walter, and I remain hopeful that their concerns will ultimately be addressed.

147. I note that their submission also seeks that all wind turbines visible from their dwelling should be removed from the project. The nearest wind turbine to their dwelling (C008) is some 3km away. Mr Lister will address the degree of adverse effect a view of wind turbines at that distance would create in his evidence.

*Julian and Beverley Austin (Submission No 67)*

148. I understand that Mr and Mrs Austin recently acquired the 1113 Churchill Road property from the Van Hoovels, neighbouring the proposed Orton switchyard. We had been communicating with the Van Hoovels under our T2 consultation approach described above and they had not raised the issue expressed by Mr and Mrs Austin in their submission. Nor were we aware that they had on-sold their property. I understand the Austins are concerned about water contamination that may arise from the construction of the Orton switchyard and ancillary assets because they (and other neighbours in the area) draw water from the Punga Punga Drainage Scheme which they consider may flow under the proposed area earmarked for the Orton transmission assets, and could therefore be subject to contamination.
149. We have commissioned further work from Beca to investigate this issue, and, if the results of this investigation are not known by the time of the Board of Inquiry, Contact Energy would be agreeable to a condition in its Notice of Requirement that provides Mr and Mrs Austin (and any other neighbours who draw on the same scheme) with necessary assurance that their potable water supply will be maintained in the event the Punga Punga scheme is adversely affected by the proposed works.

## **WM Mills**

## EXHIBIT WMM1 – Declaration of Contact Energy as an Electricity Operator

8 NOVEMBER 2007

NEW ZEALAND GAZETTE, No. 120

3155

### **Appointment to the National Animal Ethics Advisory Committee (Notice No. 1611)**

Pursuant to sections 64 and 65 of the Animal Welfare Act 1999, I hereby appoint

Justine Helen Stewart

to be a member of the National Animal Ethics Advisory Committee for a period commencing on 1 November 2007 or on the date of publication of this notice, whichever is the later, and expiring on 31 October 2010.

Dated at Wellington this 2nd day of November 2007.

HON. JIM ANDERTON, Minister of Agriculture.

g07711

### **Appointment to the National Animal Ethics Advisory Committee (Notice No. 1612)**

Pursuant to sections 64 and 65 of the Animal Welfare Act 1999, I hereby appoint

Roger Macdonald Marchant

to be a member of the National Animal Ethics Advisory Committee for a period commencing on 1 November 2007 and expiring on 31 October 2010.

Dated at Wellington this 2nd day of November 2007.

HON. JIM ANDERTON, Minister of Agriculture.

g07712

### **Appointment to the National Animal Welfare Advisory Committee (Notice No. 1613)**

Pursuant to sections 58 and 59 of the Animal Welfare Act 1999, I hereby appoint

Margaret Ann Burrows

to be a member of the National Animal Welfare Advisory Committee for a period commencing on 1 November 2007 or on the date of publication of this notice, whichever is the later, and expiring on 31 October 2010.

Dated at Wellington this 26th day of October 2007.

HON. JIM ANDERTON, Minister of Agriculture.

g07713

## **Crown Company Monitoring Advisory Unit**

### **Crown Entities Act 2004**

#### **Appointments to the Public Trust Board**

Pursuant to section 28 of the Crown Entities Act 2004, I appoint

Donal Francis Curtin

as chair and member of the Public Trust Board from 1 November 2007 to 30 April 2010; and

Robin Hill

as deputy chair and member of the Public Trust Board from 1 November 2007 to 30 April 2010.

Dated at Wellington this 29th day of October 2007.

HON. JIM ANDERTON, Minister Responsible for Public Trust.

g07552

## **Culture and Heritage**

### **Crown Entities Act 2004**

#### **Appointment to the Arts Council of New Zealand Toi Aotearoa**

Pursuant to section 28 of the Crown Entities Act 2004, I appoint

Oscar Kightley, of Auckland

as a member of the Arts Council of New Zealand Toi Aotearoa for a three-year term of office from 1 August 2007 to 30 June 2010.

Dated at Wellington this 17th day of July 2007.

HELEN CLARK, Minister for Arts, Culture and Heritage.

g07671

#### **Appointment to the New Zealand Historic Places Trust Board**

Pursuant to section 28 of the Crown Entities Act 2004, I appoint

Professor Judith Binney, of Auckland

as a member of the New Zealand Historic Places Trust Board for a term of office from 19 October 2007 to 30 September 2010.

Dated at Wellington this 16th day of October 2007.

HON. JUDITH TIZARD, Acting Minister for Arts, Culture and Heritage.

g07670

## **Economic Development**

### **Electricity Act 1992**

#### **Declaration of Contact Energy Limited as an Electricity Operator**

Pursuant to section 4A of the Electricity Act 1992, I hereby declare

Contact Energy Limited

to be an electricity operator for all of the purposes of the Electricity Act 1992, including for the purpose of line function services.

Dated at Wellington this 6th day of November 2007.

DAVID PARKER, Minister of Energy.

g07755

## **Education**

### **Education Act 1989**

#### **Change of Class of Te Kura Māori o Porirua (1634)**

Pursuant to section 153(1)(b) of the Education Act 1989, I hereby declare that **Te Kura Māori o Porirua** (1634) will become a composite school on 28 April 2008 and cease to be a primary school on that day.

Dated at Wellington this 31st day of October 2007.

STEVE MAHAREY, Minister of Education.

g07647

## EXHIBIT WMM2 – Notice of Approval of Contact Energy Ltd as a Requiring Authority

15 NOVEMBER 2007

NEW ZEALAND GAZETTE, No. 123

3235

The limited statutory manager will take office, immediately following the term of the current commissioner, on 14 December 2007.

Dated at Wellington this 13th day of November 2007.

HON. CHRIS CARTER, Minister of Education.

g07703

### Education (Early Childhood Centres) Regulations 1998

#### Cancellation of Licence for an Early Childhood Centre

Pursuant to Regulation 12(1)(d)(i) of the Education (Early Childhood Centres) Regulations 1998, and acting under authority delegated by the Secretary for Education, I hereby cancel the licence dated 10 July 2006, which was granted under those Regulations to **Vaine Hosking** in respect of **Te Uki Tamariki Ou Cook Island Early Childhood Centre** (80040), situated at 6 Lockerbie Street, **Corstorphine, Dunedin**.

This cancellation also has the effect of cancelling any provisional licence issued to this service.

This notice shall take effect the day after the date of its notification in the *New Zealand Gazette*.

KATHY PHILLIPS, Group Manager, National Operations.

g07709

#### Cancellation of Licence for an Early Childhood Centre

Pursuant to Regulation 12(1)(d)(i) of the Education (Early Childhood Centres) Regulations 1998, and acting under authority delegated by the Secretary for Education, I hereby cancel the licence dated 9 December 2005, which was granted under those Regulations to **Mahara Haitana** in respect of **St Lukes Mokokopuna Apii** (34103), situated at 8 Kelso Street, **Tokoroa**.

This notice shall take effect the day after the date of its notification in the *New Zealand Gazette*.

KATHY PHILLIPS, Group Manager, National Operations.

g07700

#### Cancellation of Licence for an Early Childhood Centre

Pursuant to Regulation 12(1)(d)(i) of the Education (Early Childhood Centres) Regulations 1998, and acting under authority delegated by the Secretary for Education, I hereby cancel the licence dated 13 August 2007, which was granted under those Regulations to **Cindy Paul** in respect of **ABC Developmental Learning Centre Mosgiel - Rua** (80042), situated at 54 Bush Road, **Mosgiel**. This notice shall take effect the day after the date of its notification in the *New Zealand Gazette*.

KATHY PHILLIPS, Group Manager, National Operations.

g07701

### Private Schools Conditional Integration Act 1975

#### Miramar Christian School (Attendance Dues) Notice 2007

Pursuant to section 36 of the Private Schools Conditional Integration Act 1975, the Minister of Education hereby

gives notice approving the charging of attendance dues at Miramar Christian School, Wellington.

#### Notice

1. This notice shall be cited as **Miramar Christian School (Attendance Dues) Notice 2007**.

2. The proprietor of the above-named school may enter into an agreement with the parents or other persons accepting responsibility for the education of a child at the above-named school requiring them to pay attendance dues.

3. The attendance dues payable in respect of any pupil shall be \$600.00 (inclusive of GST) per annum, per pupil.

4. Attendance dues received by the proprietor shall be used for the purpose of paying for such improvements to, or for such capital works associated with, the buildings and associated facilities of the above-mentioned integrated school as may be required or approved by the Minister of Education, pursuant to section 40(2) of the Private Schools Conditional Integration Act 1975, or for meeting debts, mortgages, liens, or other charges associated with any of the land and buildings that constitute the integrated school.

Dated at Wellington this 7th day of November 2007.

KATHY PHILLIPS, Group Manager, National Operations.

g07774

## Environment

### Resource Management Act 1991

#### The Resource Management (Approval of Contact Energy Limited as a Requiring Authority) Notice 2007

Pursuant to section 167 of the Resource Management Act 1991, the Minister for the Environment hereby gives the following notice.

#### Notice

1. **Title and commencement**—(1) This notice may be cited as the **Resource Management (Approval of Contact Energy Limited as a Requiring Authority) Notice 2007**.

(2) This notice shall come into force on the fifth working day after the date of its publication in the *New Zealand Gazette*.

2. **Interpretation**—In this notice, unless the context otherwise requires, “line function services” has the meaning given to that term by section 2 of the Electricity Act 1992.

3. **Approval as a requiring authority**—Contact Energy Limited is hereby approved as a requiring authority, under section 167 of the Resource Management Act 1991, for the provision of the line function services between the substations associated with **Hauāuru mā raki** (Waikato Wind Farm) and from those substations to the national grid, or alternatively to the local electricity distribution network, in the districts of Franklin District Council and Waikato District Council.

Dated at Wellington this 12th day of November 2007.

HON. TREVOR MALLARD, Minister for the Environment.

g07706

### EXHIBIT WMM3

#### Example of Covering Letter and Information Memoranda to External and Internal Transmission Line Landowners delivered in late September 2007

Dear Landowner (personalised)

Enclosed in this pack you will find some important information relating to a major new wind farm development planned for the Waikato region.

Contact Energy is very committed to the development of new renewable energy projects that will provide important benefits towards climate change, and a sustainable energy future for all New Zealanders. In February this year we announced a \$2 billion new investment programme in renewable energy generation. The Waikato wind farm, which will provide somewhere between 400MW and 650MW, is an important part of this initiative and a significant project for New Zealand.

We have been working hard over the past several months to bring this project to the stage where we can apply for resource consents under the Resource Management Act for its eventual construction. We expect this application to be lodged some time in the fourth quarter of 2007. An integral part of the project is of course, how we transport the electricity generated from the wind farm on remote pastoral farmland on Waikato's west coast, to the main grid.

We are now approaching landowners within the planned transmission corridor to determine whether it is possible to secure an option for an easement over a suitable corridor of your land that would permit the construction of appropriate transmission infrastructure probably within the next four years. In this document package you will find further details on what may be required by way of access to your property, what we will do to ensure there is as little disruption as possible to your normal farming or other land-based activity, and our approach to fair compensation in return for your granting such an easement.

Contact Energy is a company that seeks to work positively with its neighbours and we sincerely hope that we will be able to reach an agreement with you that allows this important new source of electricity for New Zealand to be transported to the main grid.

Please feel free to contact our representative who will discuss this package of documents with you initially, and meet with you again at any suitable time to discuss any concerns you may have.

Yours sincerely

David Baldwin

# Waikato Wind Farm – Electricity Transmission Project

Information Memorandum for Affected Property Owners



**Introduction.** The information in this document is intended to provide you with an explanation of the proposed Waikato Wind Farm project being developed by Contact Wind Limited and, in particular, the electricity infrastructure required to transport the power produced by the wind farm to Transpower's main electricity grid. This electricity infrastructure will be built and owned by Contact Energy Limited.

The electricity infrastructure includes the substations and electricity lines within the Waikato Wind Farm itself and the proposed external connection from the main wind farm substation into Transpower's 220 kilovolt (kV) transmission line south of Orton.

This document describes the electricity infrastructure required for the Waikato Wind Farm, the proposed transmission route, our interest in securing an easement over your land to enable the electricity lines to be connected and the basis upon which we would like to reach an agreement with you for this purpose.



## Background – Contact Wind Limited

Contact Wind Limited is a company owned by Contact Energy, which has joined forces with the local wind farm developer, Wind Farm Group Limited, to establish and operate a wind farm located along approximately 30 kilometres of coastal farmland between Port Waikato and Raglan on the west coast of the North Island of New Zealand. The proposed development has been called the Waikato Wind Farm.

The Waikato Wind Farm proposal is comprised of two separate development areas. The Matira area is located approximately halfway between Port Waikato and Raglan, mostly within the Waikato District and partially within the Franklin District to the north. The other is the Waikawau area, which is located to the south of Port Waikato, entirely within the Franklin District.

The farm's eventual nominal generation capacity will be up to 650 megawatts (MW) depending on four key factors:

- The number of turbines eventually installed
- The rating size of the wind turbines
- Environmental factors
- Civil engineering requirements.

An application for resource consents for the wind farm project is expected to be filed in the fourth quarter of 2007.

An important aspect of the proposed location for the Waikato Wind Farm is that it has a very low population density, both within the actual wind farm area and within a five kilometre radius. This is due to the remoteness of the area and the relatively large size of the majority of the land holdings in and around the wind farm area. It is also one of the few areas in the Waikato region that has the suitable wind characteristics and topography necessary for the development of a wind farm.

Another important advantage is that the Waikato Wind Farm is located in an area that is well positioned for servicing New Zealand's large electricity demand centres – the Waikato and other northern North Island regions.

Wind farm projects are important to the New Zealand economy because they are a source of large volumes of clean, renewable energy, displacing fossil fuels, which emit climate-changing greenhouse gases. Such projects have received strong policy endorsement by the Government.<sup>1</sup>

<sup>1</sup> See, for example, the changes to the Resource Management (Energy and Climate Change) Amendment Act 2004.



Proposed transmission route



Printed with the TakaGIS Viewer [www.TakaGIS.com](http://www.TakaGIS.com)



The map on the previous page depicts the proposed layout of the main substation at Limestone Downs and the alignment of the electricity lines to Orton. This map is for consultation purposes only, and as discussed later in this document, there is some scope to fine-tune the alignment with individual property owners.

The Limestone Downs site has been selected as the optimum position for the wind farm substation. This substation will collect the power from the satellite substations within the wind farm areas and from the turbines located in the southern part of the Waikawau site. The power will then be delivered to the main 220 kV grid line (220 kV Huntly-Otahuhu A line) in an area south of Orton via a 220 kV double circuit tower line. The approximate length of this transmission line to Orton is 26.5 kilometres.

#### **TRANSMISSION ROUTE – BROAD SELECTION CRITERIA**

Contact Energy adopted the following general selection criteria in determining suitable transmission routes for the project, initially based on a desk-top study of the terrain and from site visits:

- The most direct route utilising the terrain to minimise the visual impact of the electricity line, including the visual impact on the horizon.
- Avoiding areas of environmental, ecological and archaeological importance.
- Avoiding, where possible, property boundaries, dwellings and any other identified areas.
- Proximity to turbines – a clearance to turbine positions of 160 metres is considered acceptable.
- Ease of construction access to and from the transmission route, and constructability of the line.
- Constructability of towers within the context of landforms in the area.
- Corridor width considered was 200 metres either side of the indicated centre line.

Using these general criteria, Contact Energy initially investigated three potential transmission routes – in the northern, middle (the preferred option) and southern sectors. Mainly for terrain challenges and ecological reasons, the northern and southern routes were rejected.

#### **TRANSMISSION ALIGNMENT – SPECIFIC ROUTE ISSUES**

##### **Limestone Downs to north-east of bush area**

From Limestone Downs, the alignment heads over the saddle in the spur, on a north-easterly route through a bush area. The proposed alignment follows clearings in the bush. The routing through the bush area was carefully considered and the ecology in the area taken into consideration. In this area, micro-siting of towers will be necessary to ensure minimum impact on native bush. A slight deviation is also shown on the proposed alignment to reduce the number of structures in the bush area, although final route selection will be based on detailed investigation of this area.

An alternative alignment to the north was rejected because it would be more visible from Nolan and Matakītaki Roads and would be likely to have an impact on the airstrip just to the south of Nolan Road.

##### **North-east of bush area to Matakītaki Road**

On exit from the bush area, the alignment follows a north-easterly path, keeping to the east of the river, avoiding a QE2 designated area and crossing the Matakītaki Road approximately 0.8 kilometres north of the junction with Wairamarama and Onewhero Roads (to the right of a pine plantation on the ridge). The alignment through this area generally follows the lower contour lines and saddles behind the first set of ridges, as viewed from Baker Road. It is therefore generally hidden from sight until it crosses the ridge on Matakītaki Road.



#### **Matakitaki Road to Fleming Road**

The alignment continues in an east-north-east direction, crossing the end of Allan Eyre Road, then progressing in a more easterly direction on the northern side of the valley, north of Fleming Road.

Routings both to the north (the preferred alignment) and to the south of the valley from Allan Eyre Road were initially considered. The southern alignment, heading for Thompson Tonga Road, was also considered, but from site visits, Contact Energy's advisors considered that the southern routing would bring the alignment just south of Opuatia and close to a number of dwellings. This alignment would also impact more on the dwellings just to the west of the proposed switching station, south of Orton, and therefore was not the preferred alignment.

#### **Fleming Road to Orton Switching Station**

The proposed alignment crosses SH22 approximately 300 metres north of the Fleming Road junction, on an easterly heading. From this point, the terrain flattens out, causing the line to become generally more visible, but this is mitigated where possible. It is noted that, with the main Otahuhu to Huntly 220 kV line dominating the landscape in the area, this additional line will not have such a significant visual impact. The proposed alignment is behind the first set of hills as viewed from Otuiti Road. The intention of this alignment is to keep below the skyline, so that the visibility of the towers is reduced when viewed north from Opuatia. The proposed alignment generally follows the spur, although at the detailed design stage, and after consultation with affected property owners in this section of the line, the proposed alignment would be either to the north or south of the spur. At this stage, the south of the spur option is preferred by Contact Energy's transmission connection advisors.

There are airstrips within close proximity of the line in the vicinity of SH22. Changes to the alignment due to the airstrips could mean repositioning the line outside of the 400 metre corridor indicated on the plans. This will need to be the subject of further consultation with landowners in the area and civil aviation authorities.

#### **Fine-tuning transmission alignment within your property**

Although Contact Energy has spent considerable time developing the preferred transmission route described above, it wants to be confident that the selected route across your property is reasonable and eliminates, as far as reasonably possible, any interference or inconvenience to your normal farming operations or lifestyle. For this reason, the corridor designed is wider than is practically required, and it should therefore be possible to fine-tune this alignment after further consultation with you.



### Required structures

Given its size and projected output capacity, a 220 kV double circuit transmission tower line will be required to transport the power generated from the wind farm to the National Grid.

The following picture shows a typical double circuit 220 kV tower line. Contact Energy does not seek to build a tower that is any higher or bigger than the standard 220 kV tower shown in this picture, and the Option Agreement precludes this from happening.

Typical double circuit 220 kV tower line





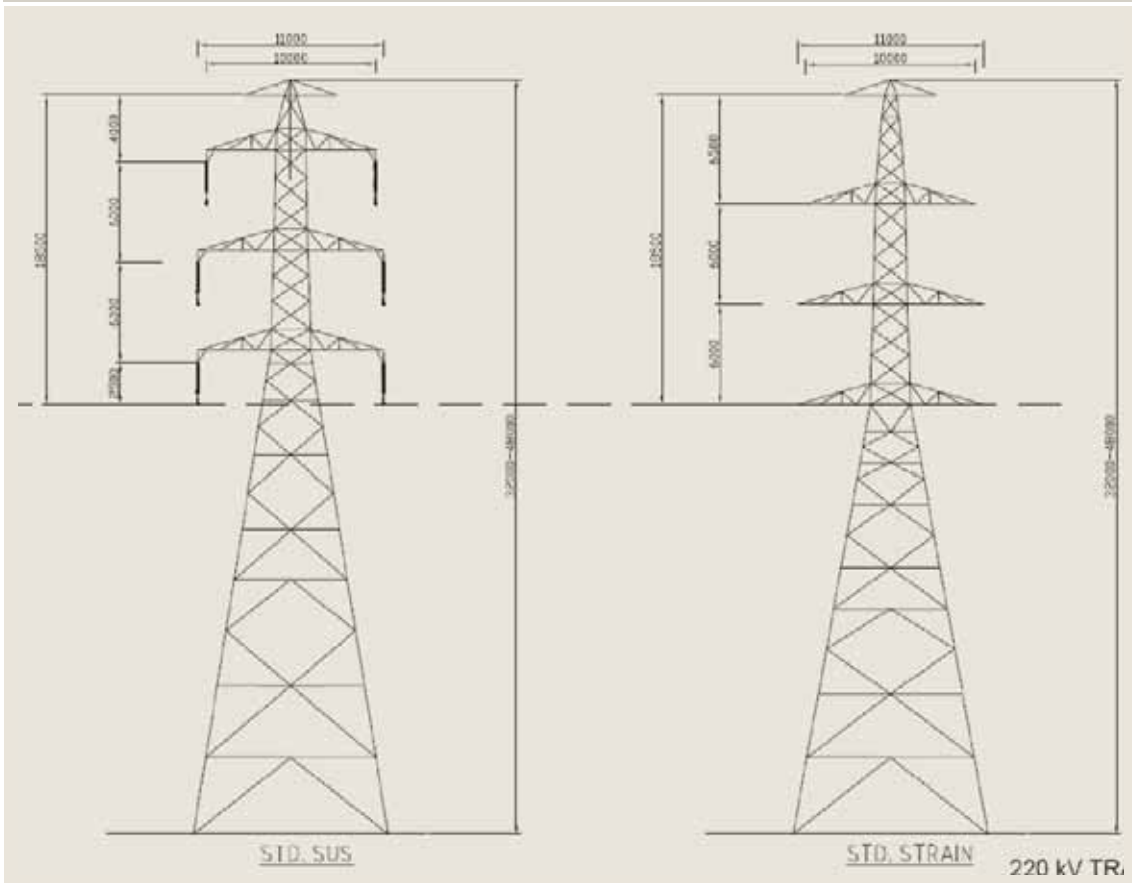
The steel towers will be spaced typically between 250 metres and 400 metres, with an average span of approximately 320 metres. The tower heights range from 32 metres to 48 metres, with the predominant height around 40 metres.

The lines will consist of six bundled conductors (duplex) and two earth wires at the top of the towers. (Note that the above picture depicting a typical 220 kV tower does not show earth wires).

The maximum spacing of conductors across the towers is 12 metres. The minimum distance of the conductors above the ground, at maximum operating temperature and maximum air temperature, is 7.5 metres. Under normal conditions, the conductors would be higher above the ground. The easement width that will be required is in the order of 45 metres.

The two types of 220 kV towers are shown in the diagram below. Most 220 kV towers used are the standard suspension type, where transmission lines are run in a straight line. The standard strain tower has greater strength and would typically be used where the transmission line needs to change direction.

The two types of 220 kV towers





## Construction methodology

### ACCESS TO SITE

An access track to each of the tower sites will be required. The location and construction of the access tracks will typically be agreed with the landowner. Any necessary upgrading of existing tracks, culverts or gates will also be agreed with the landowner.

### STAGING OF CONSTRUCTION

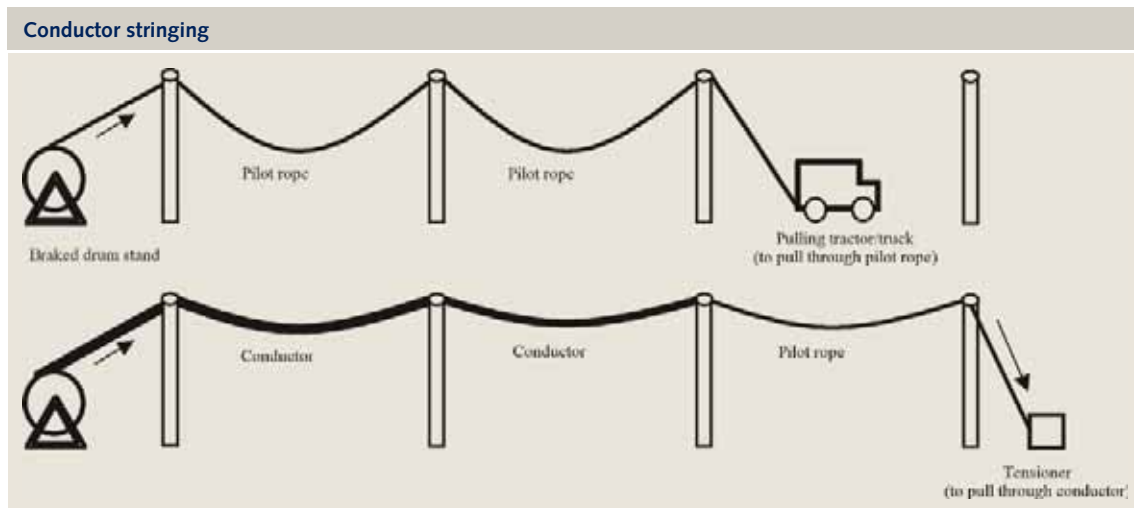
The following schedule summarises the steps and site access that will be required to construct the poles and string the conductors:

- Geotechnical investigations – site access will be required.
- Set out tower locations – undertaken by a surveyor in a light vehicle appropriate for the terrain.
- Construct access roads (where required), typically 3–5 metres wide, upgrade and utilise existing tracks where possible and by agreement with the landowner.
- Install foundation, major plant transported to site along with drilling rig and concrete truck.
- Erect tower, generally utilising a 40-tonne crane.
- Conductor stringing as discussed below.
- If required, the access tracks are then uplifted and the ground made good.

#### Conductor stringing

In order to string the conductors, a winch and tensioner will be situated at one end of a section, (approximately 8–12 towers), with the conductor drums at the other end. The conductors are then pulled through each of the poles under tension (i.e. not along the ground) and clamped in place.

Depending on the terrain, a suitable pulling vehicle will drive along the easement of the line. At each structure, the conductors will be attached to the poles on running blocks. A pilot rope is pulled through first, and this is attached to the tensioner or winch at the other end. The tensioner then pulls through the conductor. Once the conductor is at the correct tension, the conductor is taken off the running blocks and clamped in place.





## Reaching an agreement

Contact Energy wishes to negotiate in good faith with landowners whose properties are part of our planned transmission routes for the Waikato Wind Farm, to secure an easement for the construction of the required electricity lines and infrastructure. We will use accepted valuation methodologies to ensure you receive fair and reasonable compensation. We will also seek to ensure your existing landowner activities are not unduly disrupted while our investigation and eventual works are undertaken.

## Option Agreement negotiated between us

Contact Energy's preferred approach is to sign an Option Agreement with you prior to making a final decision to proceed with the wind farm. The Option Agreement will provide Contact Energy with an opportunity to carry out investigations on your property. It will also provide the option to subsequently acquire a Transmission Easement over your property, exercisable within four years.<sup>2</sup> The nature and detail of the easement is included in the Option Agreement, which is part of this document package. The Transmission Easement will permit Contact Energy to undertake the works described above and to have access to your property to carry out further maintenance, as and when required.

The Option Agreement provides a number of important rights to you as landowner. For example, during initial investigations, Contact Energy must:

- cause as little damage as reasonably possible to your land
- complete all work promptly and in a proper and workmanlike manner
- leave any gates as they were found
- restore your land as near as reasonably possible to the condition it was in prior to the carrying out of the investigations
- make good any part of the land that is damaged by Contact Energy
- not leave on your land any rubbish or debris or obstruction except while work is being carried out.

These obligations continue under an easement if it is subsequently sought by Contact Energy. Added to this, the company must have regard to your normal farming operations.

In return for granting this option, Contact Energy will pay you a one-off, non-refundable option fee of \$10,000 plus GST (if any). If the option is exercised, the option fee will be extended to include an additional payment that is 20 per cent of our independent valuation assessment determined for the easement rights. The option fees will be entirely separate from, and in addition to, the easement compensation.

Once Contact Energy has decided to exercise the option, an appropriate valuation process will be followed to determine the Transmission Easement compensation. The steps for valuation are set out in the Option Agreement included in this document package. Broadly, they provide for each party to seek an independent valuation of the easement and, where there is any disagreement, for an arbitration process to follow.

<sup>2</sup> The Option Agreement also provides a further two-year roll-over if sought by Contact Energy, after which the option will then expire.



## Statutory framework

As stated above, Contact Energy's clear preference is to negotiate directly with landowners for both land use and payment of fair compensation in accordance with accepted public utilities and infrastructure principles for compensation. Given the critical importance of transmission to the overall success of the wind farm project, should it be unable to reach a satisfactory outcome with all landowners on the transmission path, the company may resort to various statutory processes available. These are set out below.

Contact Energy has applied for requiring authority status under s167 of the Resource Management Act for the transmission infrastructure required for the Waikato Wind Farm. Subject to acquiring this status, the company may seek a Notice of Requirement to designate the transmission route.

Under the terms of the Resource Management Act 1990, a Notice of Requirement to designate the transmission route would be subject to a review process by the local district council, which would include public notification, a submission period and a hearing.

If granted, the designation provides notice to the community in the district plan that the requiring authority intends to use the land in the future for a particular purpose. Once a site is designated for a particular purpose, the requiring authority is able to:

- proceed with the specific work on the site as if it was permitted by the district plan
- control activities that occur on the site, to prevent anything that would compromise the future work (this is the case even if the requiring authority does not own the site).

While a designation gives a requiring authority 'permission' under the district plan to carry out a particular project or work, Contact Energy would still be required to address all relevant matters under the regional plans, including discharges to air, water and land, and, in some instances, earthworks. This may include obtaining regional resource consents.

Requiring authority status would also enable Contact Energy to request the Minister of Lands to acquire the easements required over the desired land under the Public Works Act. Compulsory acquisition under the Public Works Act would only ever be a last resort for the company.



## Next steps

Please read the enclosed documents and note down any queries you may have in relation to the project, transmission, timing, or the Option Agreement.

We will contact you in the next 7–10 days to discuss your initial thoughts and arrange a further visit to progress our negotiations.

Once you have satisfied yourself on these issues, we recommend that you place the Option Agreement before your solicitor so that they can provide you with suitable professional advice.

In the Option Agreement, you will see that Contact Energy agrees to reimburse you for your reasonable and actual costs and disbursements up to a maximum of \$5,000.00 plus GST, incurred by you in connection with the negotiation and acceptance of the Option Agreement. If your costs exceed this amount, Contact Energy will give reasonable consideration to reimbursing you for those additional costs upon receipt of copies of valid invoices.

If you decide to sign the Option Agreement, Contact Energy will pay you the option fee of \$10,000 (plus GST) upon signing. Over the ensuing months, we will need to investigate and consult with you on the suitability of your land (from geotechnical and other perspectives discussed above) to convey the required part of the electrical connection assets.

Once this investigation is completed, and assuming the outcome is favourable, Contact Energy will make a decision whether to seek a Transmission Easement from you, the form of which is attached as the First Schedule of the Option Agreement. This decision will depend not only on the suitability of your land for transmission purposes, but also whether the wind farm project itself will proceed in part, or in whole.

At the same time, the Waikato Wind Farm generation project being developed by Contact Wind Limited is proceeding on its own development timeline. Projects of this size require a large amount of planning, co-ordination and engineering development and can be subject to economic changes such as fluctuating exchange rates and raw material prices over a multi-year timeframe. These factors can materially affect whether the project ultimately proceeds, and when.

Contact Energy's current project plan indicates that a final decision to proceed will be made in mid-2008 and that, subject to that decision, construction of the electrical connection infrastructure for the project will commence in early 2009.

## Final comments

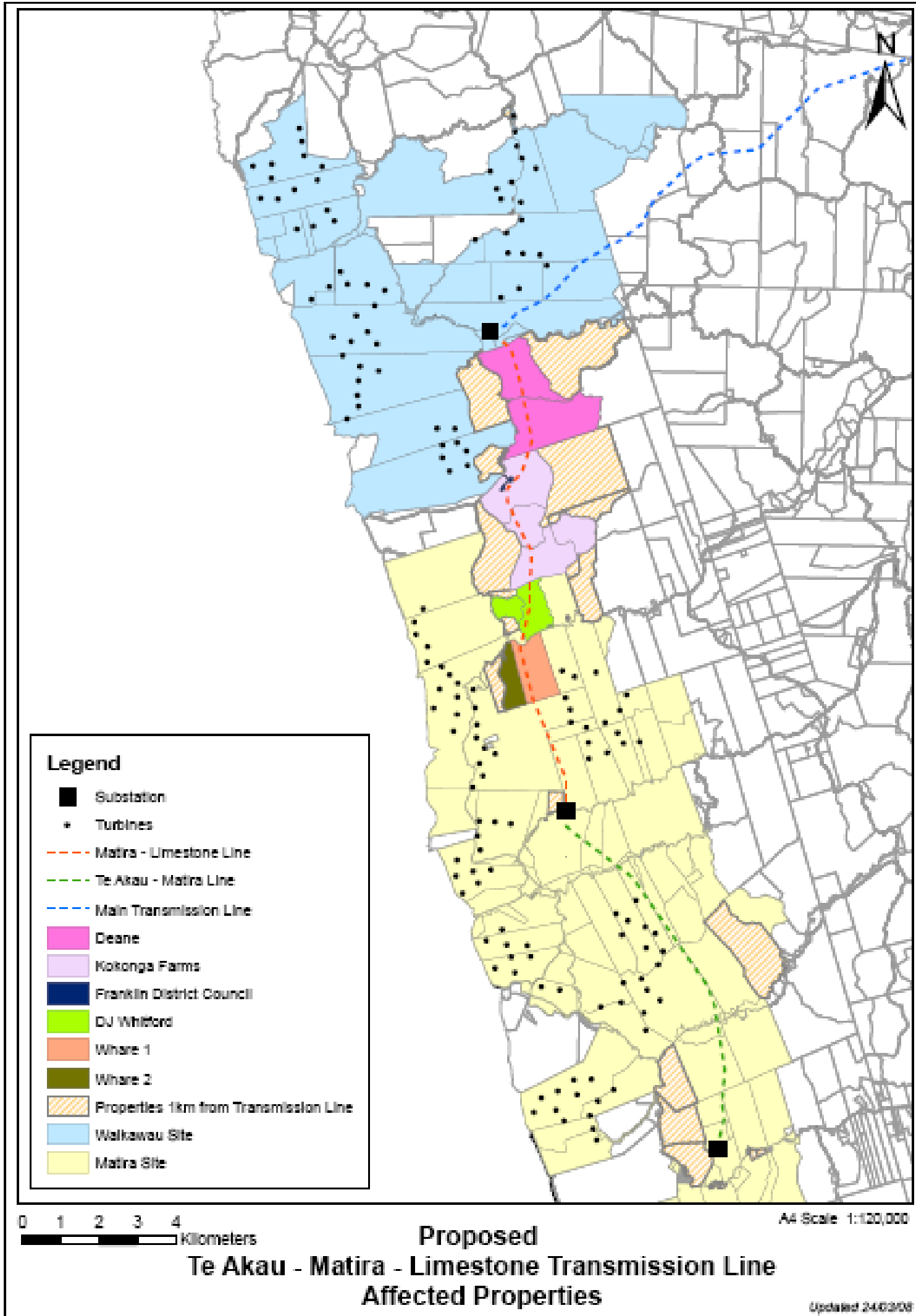
Thank you for taking the time to read this information memorandum. Contact Energy is very positive about this project, which we believe will ultimately deliver important renewable energy benefits for the New Zealand economy and future environment. We hope that you will share this vision with us, and that we will be able to work together in a positive, fair and reasonable way to facilitate the construction of electricity infrastructure from the Waikato Wind Farm to the main electricity grid.



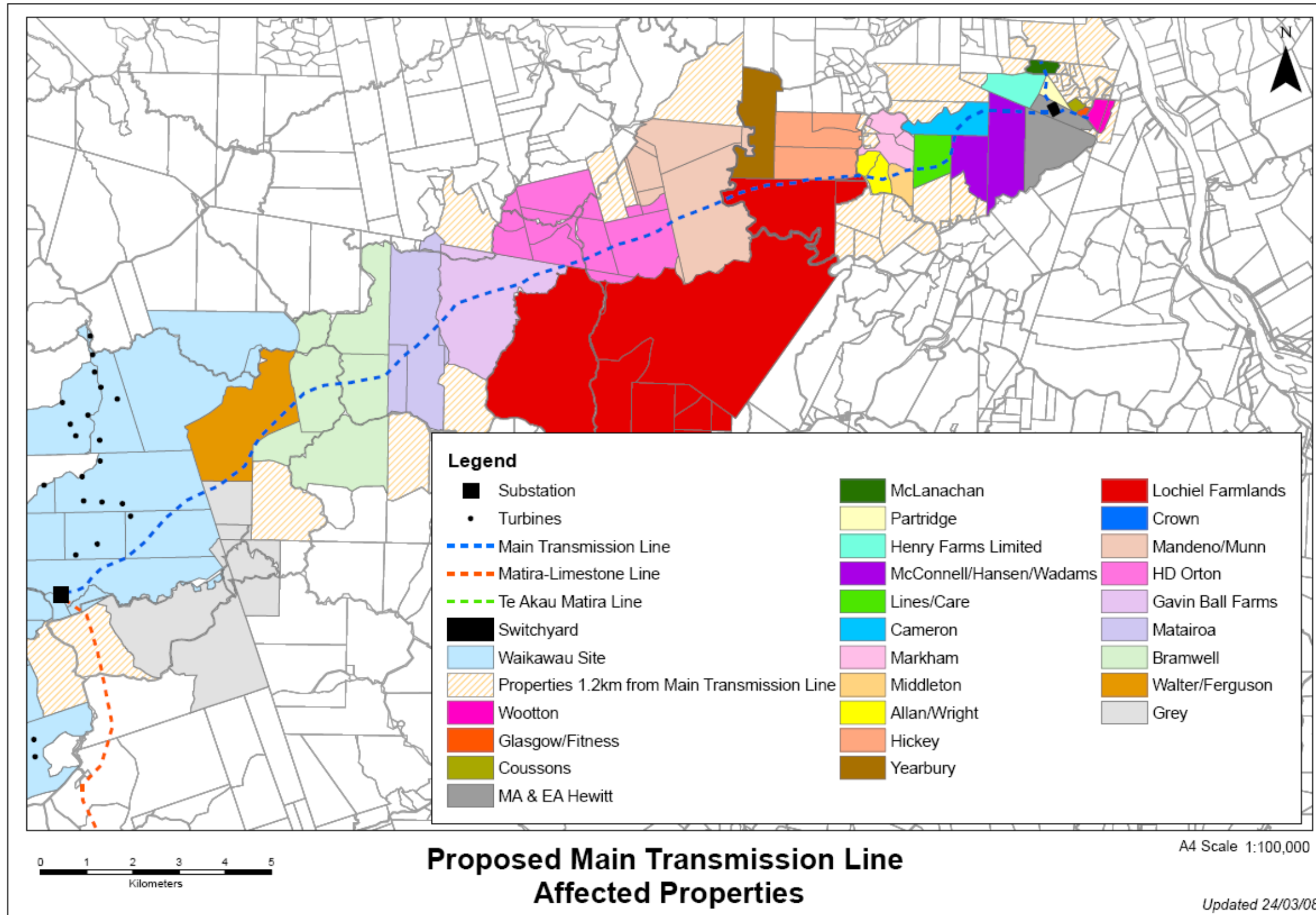


EXHIBIT WMM4

Property Ownership (non turbine landowners) across the Internal Transmission Line



### Property Ownership across the External Transmission Line



## EXHIBIT WMM5

### Copy of typical letter sent out to landowners by Contact Energy CEO in March 2008



3 March 2008

Joseph & Linda Partridge  
c/- Aptek  
214 Manukau Road  
PUKEKOHE

#### Underground Cable Study

I am writing to you personally to enclose a copy of the study Contact Energy has commissioned to establish whether it is possible to lay our 220kV double circuit line that joins our planned Waikato wind farm development to the main grid, using an underground approach. This was at the request of several landowners along the line. We agree that from a visual and landscape perspective, undergrounding the cable offers a much better solution and we were therefore keen to understand whether this was an option for the project.

The study has been prepared jointly by two consulting firms – Energy Action Australia Pty Ltd which has evaluated undergrounding options and costs, and Electrix Ltd which has provided comparative costing information on the planned overhead route. You will also note that, in scoping the study, Contact has been careful to emphasise that we are open-minded about undergrounding as an alternative to overhead lines.

As you will see, the study is still in draft form. This is because we have now sought a peer review of it by another respected international firm, UK-based Cable Consulting International Ltd, which will be completed over the next week to 10 days. Above all, we want to make sure that the results and conclusions it reaches are accurate and reliable.

Irrespective of the outcome of the peer review, I thought it important to let you see the draft results of the study ahead of it being finalised. They show that the capital cost of installing underground cable is likely to be around NZ\$367 million compared to NZ\$33 million for the overhead route. There are also major construction issues identified.

At this level of cost, it would not be possible for us to undertake the project for many years (if at all), and in the absence of other renewable options of this size and importance, we would have to turn back to relying upon burning fossil fuels (which would more than likely be imported natural gas) as a source of electricity.

I am very aware that the transmission line proposed for the project has caused a lot of disquiet amongst the landowners affected by this aspect of the project. My company prides itself on being open and straightforward about issues and it concerns me that landowners may feel that, amongst other things, Contact has fallen short of this standard.

Accordingly, I want to make myself available to meet with you personally and discuss your concerns. If you would like to accept that invitation, please contact my Executive Assistant - DI Ravnjak (04 462 1102

#### Contact Energy Limited

PO Box 10742, Wellington 6143  
New Zealand

Level 1 Harbour City Tower  
29 Brandon St, Wellington

Phone: 64-4 499 4001  
Fax: 64-4 499 4003

[www.contactenergy.co.nz](http://www.contactenergy.co.nz)

000020

or [diana.ravnjak@contact-energy.co.nz](mailto:diana.ravnjak@contact-energy.co.nz)) and we will try to arrange a time when I can be in your area to meet with you.

I am also more than happy to attend a meeting of landowners collectively if that would help to advance discussions. I understand Mr Harford (Bramwell Farms) has been co-ordinating some possibility of this being arranged.

Finally, I have asked some of my senior team at Contact to take a more active part in our discussions with you from this point. Over the next few weeks, they will be in contact to see how we can progress discussions with you.

I look forward to hearing from you.

Yours sincerely

A handwritten signature in blue ink, appearing to be 'David Baldwin', written in a cursive style.

David Baldwin  
Chief Executive

## EXHIBIT WMM6

**Copy of further information on underground Study sent to Mr Harford  
(Chair of Pylon Action Group) on 6<sup>th</sup> May 2008**

### FURTHER INFORMATION

#### UNDERGROUNDING BUDGET ESTIMATES FOR DOUBLE CIRCUIT 220kV LINE

##### Supply of Cabling and Ancillary Equipment

The following equipment is included in the budget forecasts:

- 230km (\*) single core 220kV XLPE 1,200mm<sup>2</sup> Copper cable with welded aluminium sheath and MDPE oversheath. (\*) Both cable circuits will comprise three phases (3 cables) between Limestone Downs and Orton (route length 38.3km) requiring a total cable length of 6 x 38.3km = 230km
- 12 x 220kV XLPE Outdoor terminations
- Solid bonded link boxes at terminations
- Approximately 330 x 220kV XLPE straight through joints (55 joints for each single core cable along the 38.3km route)
- Sufficient quantity (more than 30) 3 way cross bonded underground link boxes suitable for installation within road mounted pits to be provided and installed by civil works contractor
- Sufficient quantity 300mm<sup>2</sup> single core bonding leads
- Sufficient quantity 300mm<sup>2</sup> concentric core bonding leads

While the individual unit prices are commercially confidential to Prysmian Cables and Systemrs, the consolidated price for supply of this cable and ancillary equipment is quoted at the equivalent of **NZ\$4.75 million per kilometre**.

##### Installation Costs

Installation costs include, but may not be limited to, the following components:

- Excavate 38.3km of trench 1.6 metre wide & approx. 1 metre deep to accommodate 220kV XLPE double circuit cables
- Dispose of the abovementioned quantity of spoil as it will not be suitable for cable cover
- Import an equal amount of stabilised thermal cable bedding and backfill along the entire route.

- Supply to site and place along the entire cable trench, including joint bays, a suitable quantity of steel-reinforced concrete slabs to protect the cable against mechanical damage by a third party.
- Construct approximately 55 Joint Bays, each with concrete floor & walls suitable to accommodate 6 X 220kV XLPE Straight Joints. The joint bay dimensions would be in range of 2m (wide), 2m (deep) and 12m (long). The flooring and the lateral walls shall be made of reinforced concrete.
- Construct approximately 30 concrete reinforced pits (road mounted with trafficable “Gatic” covers)
- Concrete or galvanised steel supporting structures for 12 X 220kV XLPE cable terminations (including fixing of link boxes and earthing connections)
- Installation & jointing of around 330 X 220kV XLPE Straight Joints in air conditioned, temporary jointing enclosure
- Installation of 220kV XLPE outdoor terminations in controlled conditions as for joints
- Installation & termination of solid bonded link boxes at terminations
- Installation & termination of 18 sets of 3 way solid bonded underground link boxes
- Installation & termination of 37 sets of 3 way cross bonded underground link boxes
  - Note: The total number of underground link boxes is equal to the number of joint bays.
- Installation and testing of condition monitoring system (distributed temperature sensing and associated software to monitor the cable conditions and current rating program).
- Testing and commissioning of primary cable circuits and cross-bonding circuitry
- Associated ancillary works including sampling & testing of native soils at regular intervals for thermal resistivity; traffic management; community liaison etc

Energy Action Pty Ltd estimates that installation costs described above for a double circuit 220kV cable in a 1.6 metre trench would be approximately **NZ\$4.84 million per kilometre**.

**Costing the underground cable across different routes:**

**1. Proposed route using shortest available existing roading network (38.3 km):**

Supply of materials at NZ\$4.75m per km	\$ 181.92 million
Installation of cable and associated equipment at NZ\$4.84m per km	\$ 185.37 million
<b>Total</b>	<b>\$ 367.29 million</b>

**2. Partial undergrounding of shorter route SH22 and Otuiti Rd (8.0 km)**

Supply of materials at NZ\$4.75m per km	\$ 38.0 million
---	-----------------

Installation of cable and associated equipment at \$4.84m per km	\$ 38.72 million
<b>Total</b>	<b>\$ 76.72 million</b>

### General comments

Installation costs reflect Energy Action's rule of thumb estimates for cable installations of this voltage that implies that the cost of civil works, cable installation, supply & installation of cable condition monitoring system, jointing, terminating and commissioning equates approximately to the cost of cable itself.

Energy Action factored into its installation costing difficult soil conditions that appear to exist along the Limestone Downs – Orton area meaning that the full amount of trench backfill would have to be disposed of and replaced with imported "stabilised" cable bedding & backfill in remote areas, and at substantial cost

Energy Action acknowledges that sharper prices may eventuate following a competitive tender process. However the company cautions against too high an expectation due to the following:

- There is currently an extra-ordinary global demand for extra high voltage cables, including 220kV principally driven by extensive infrastructure activity, particularly but not limited to the Middle East, that has resulted in full order books for cable factories and twelve to eighteen month delivery periods. In other countries there is substantial demand for cable mainly for essential replacement maintenance work. Under such a situation Energy Action says that it is difficult to foresee substantial price reductions.
- Energy Action acknowledges that there are civil works contractors in New Zealand up to the task of cable installation (but not jointing), but refers to its explanation in Appendix 5 of the Undergrounding Study. The company notes that installation requirements and provision for maintenance & repairs differ significantly between those for extra high voltage (220kV) underground transmission cables and lower voltage underground distribution cables such as for local networks. In a tender process technical specifications will reflect such changes, as would offers received.
- Cable jointers experienced at these high voltages are normally trained and provided by cable manufacturers (in order to provide the required warranties) and are in high demand and would certainly not be available from local sources. They refer to Appendix 5 that highlights differences in jointing processes between transmission and distribution voltage cables.

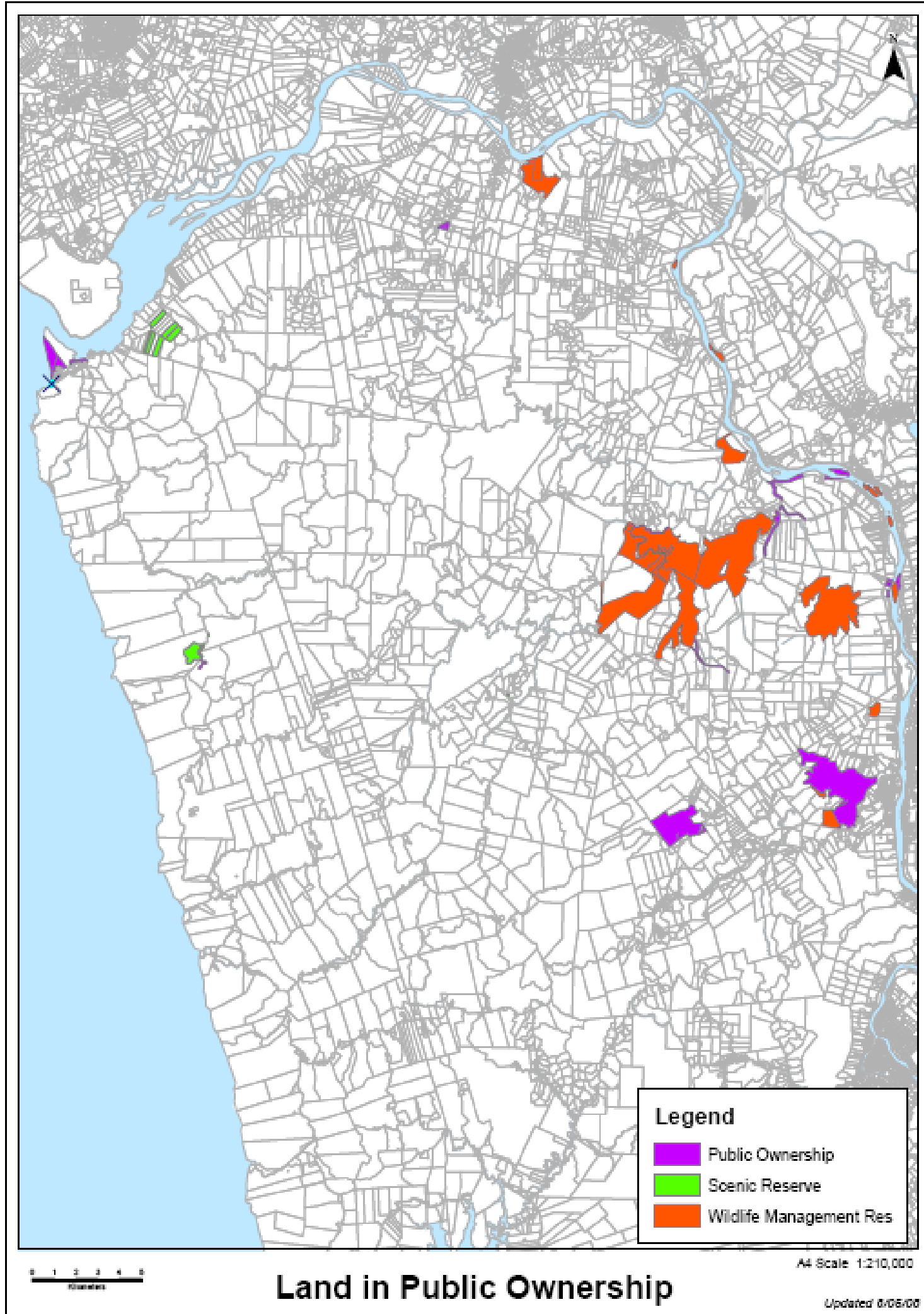
As a further cross-check on costing accuracy, Transpower, in its 2005 400kV grid upgrade study, advised that the financial cost of underground transmission between Otahuhu – Whakamaru would be approximately 10 times the cost of overhead transmission.

Maunsell undertook a study for Counties Power in July 2007 for the underground installation of a planned single circuit 110kV cable. Maunsell estimated that the capital cost difference between underground cable and overhead line construction was approximately 12:1 in favour of overhead line.

These ratios are comparable with the initial capital expenditure estimate of \$33 million for a double circuit 220kV overhead line compared with \$367 million for an equivalent undergrounding project – a ratio of 11:1.

EXHIBIT WMM7

Map showing areas of publicly owned land in the vicinity of the proposed transmission line



**EXHIBIT WMM 8**

**Revised Version of Option and Easement Draft Agreement showing mark-ups and changes following extensive consultation with Landowners. (External Line Version only)**

**Dated**

**2009200920092008**

**Option Agreement**

**[location/site]**

**[OWNER'S NAME]**

**CONTACT ENERGY LIMITED**

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# Option Agreement

[location/site]

## DATED

2009200920092008

## PARTIES

- (1) [Owner's Name] at [Owner's residence] ("the Owner")
- (2) **CONTACT ENERGY LIMITED** at Wellington ("Contact")

## BACKGROUND

- A. The Owner is the registered proprietor of the Land.
- B. Contact is investigating the viability of the Wind Farm Development for the purposes of windpower generation and electricity transmission. If the Wind Farm Development proceeds Contact wishes to transmit electricity from the Wind Farm Development across the Land.
- C. The Owner has agreed to grant to Contact an option to take a Transmission Line easement over the Owner's Land.
- D. During the Option Period Contact will carry out Investigations in relation to and seek consents for the Wind Farm Development and the construction and operation of the Transmission Line.
- E. If Contact exercises the Option, the Owner will grant Contact an easement granting Contact the right to construct, operate and maintain Transmission Lines over the Land.
- F. The parties have entered into this Agreement to record arrangements between them.

## TERMS OF THIS AGREEMENT

### 1. INTERPRETATION

#### 1.1 Definitions

In this Agreement, unless the context otherwise requires:

**"Agreement"** means this Agreement and includes all attached schedules and plans.

**"Contact"** means Contact Energy Limited at Wellington and includes its successors and assigns and, except where inconsistent with the intent of this Agreement, Contact's engineers, surveyors, workmen, agents, employees, contractors, consultants, lessees, licensees or invitees.

**"Compensation"** means the amount of money payable pursuant to clause 4.1.

**"Corridor"** means that part of the Land shown on the plan attached as the Second Schedule within which the Transmission Line is to be sited.

**“CPI”** means the Consumer Price Index (All Groups) published by the Department of Statistics (or any body in substitution for it) and in the event that index is not published or is materially varied so that the comparative use of the same is materially inappropriate to calculate the percentage increase in compensation payments referred to in clause 4.4(b), then a reasonably comparable replacement index as agreed between the parties.

**“Investigations”** means the conducting of inspections, surveys and geotechnical investigations on the Land to assess the suitability of the Land for the Transmission Line.

**“Land”** means the Owner’s land legally described as [legal description] and contained in Computer Freehold Register [title reference] ([land registry] Registry).

**“Option”** means the option for Contact to require the Owner to grant to Contact the Transmission Easement over the Land pursuant to clause 2.

**“Option Fee”** means the payments to be made by Contact to the Owner in consideration for the grant of the Option as referred to in clause 2.1

**“Option Notice”** means the written notice which Contact may give to the Owner in accordance with clause 2.2 requiring the Owner to grant the Transmission Easement over part of the Land.

**“Option Period”** means an initial period of four (4) years commencing on the date of this Agreement and includes all extensions to that period in accordance with the terms of this Agreement up to a maximum total period of six (6) years.

**“Survey”** includes survey work, site investigation, drilling and pegging necessary to define the area of the Land over which the Transmission Easement will be registered.

**“Transmission Easement”** means the instrument to be signed by the parties and to be registered on the computer freehold register(s) to the Land to give effect to the grant of an easement of approximately 45 metres width for the Transmission Line, which easement is to be positioned within the Corridor and is to be substantially on the terms and conditions attached as the First Schedule, and in accordance with this Agreement.

**“Transmission Easement Registration Date”** means the date that the Transmission Easement is registered over the computer freehold register(s) for the Land.

**“Transmission Line”** means an overhead transmission line or lines with a capacity of up to 220kV to be constructed by Contact on the Land along the Corridor, in accordance with the Transmission Easement.

**“Wind Farm Development”** means the wind farm being developed by Contact and/or Contact Wind Limited in the Franklin and Waikato regions.

**“Working Day”** means a day of the week other than:

- (a) Saturday, Sunday, Good Friday, Easter Monday, ANZAC Day, the Sovereign’s Birthday, Labour Day, Waitangi Day and the Anniversary day in the province in which an act is to be done[Region] District.

- (b) the period commencing on the 24<sup>th</sup> day of December in any year and ending on the 5<sup>th</sup> day of January in the following year.

## 1.2 Interpretation

In the interpretation of this Agreement, unless the context requires otherwise:

- (a) words importing any gender will include all other genders;
- (b) words importing the singular will include the plural and vice versa;
- (c) payments will be made in the lawful currency of New Zealand;
- (d) headings will be ignored;
- (e) references to clauses are references to clauses in this Agreement and references to parties are references to the parties to this Agreement;
- (f) any reference in this Agreement to any statute is deemed to include all amendments, revisions, substitutions or consolidations made from time to time to that statute;
- (g) A *person* will include any individual person, a corporation, a company or other body corporate, an unincorporated body of persons, a public body, firm, partnership, joint venture, association, organisation, trust, the Crown or any agency of the Crown in each case whether or not having separate legal personality;
- (h) the expression *writing* will include words visibly represented or reproduced;
- (i) except where otherwise expressed in this Agreement, where approvals or consents are required in this Agreement they will not be unreasonably or arbitrarily withheld or delayed and such approvals or consents may be given with conditions which are both reasonable and relevant to the circumstances giving rise to the request to seek approval or consent and will be required for each separate occasion notwithstanding any prior consent or approval obtained for the like purpose on a prior occasion;
- (j) except where otherwise expressed in this Agreement, nothing contained in this Agreement will be deemed or construed to constitute any party, a partner, agent or representative of the other party or be deemed to create any trust, commercial partnership or joint venture;
- (k) if any part of this Agreement is held by any court or administrative body of competent jurisdiction to be illegal, void or unenforceable, such determination shall not impair the enforceability of the remaining parts of this Agreement;
- (l) this Agreement will be construed and take effect in accordance with the laws of New Zealand;
- (m) any provision of this Agreement to be performed by two or more persons shall bind those persons jointly and severally;
- (n) the failure of either party to insist in any one or more instances upon a strict performance of any of the terms of this Agreement or the waiver by either party of any term or right in this

Agreement or of any default by the other party will not be deemed or construed as a waiver by such party of any such term, right or default in the future; and

- (o) this Agreement is the entire agreement between the parties relating to Contact constructing the Transmission Line on the Land. It replaces all earlier negotiations, representations, warranties, undertakings and agreements between the parties, whether oral or written, relating to Contact constructing the Transmission Line on the Land.

## 2. OPTION

2.1 In consideration of the Option Fee, being:

- (a) ~~\$420,000.00 plus GST (if any) which sum is payable by Contact to the Owner on or before the date ten (10) Working Days after execution of this Agreement by both parties; and~~
- (b) ~~in the event that Contact exercises the Option, the payment by Contact to the Owner of [amount], being the amount equal to 250 percent of the Compensation that Contact has estimated as at the date of this Agreement may be payable pursuant to clause 4.1. This sum is payable on or before the date five (5) Working Days from and after the date that Contact serves the Option Notice on the Owner;~~

~~The Owner grants to Contact the Option to require the Owner to grant to Contact the Transmission Easement over the Land. The sums referred to in clauses 2.1(a) and (b) are payable by Contact to the Owner on or before the date ten (10) Working Days after execution of this Agreement by both parties.~~

2.2 The Option may be exercised at any time before the expiry of the Option Period by Contact serving an Option Notice on the Owner.

~~after the payment of that part of the Compensation due under clause 4.2(a) before the expiry of the Option Period by Contact serving an Option Notice on the Owner.~~

2.3 If Contact gives written notice to the Owner no less than twenty (20) Working Days before the expiry of the initial Option Period that Contact wishes to extend the Option Period, then the Owner shall extend the Option Period for a period of two (2) years from the expiry date of the initial Option Period.

2.4 The Option Fee shall be non-refundable.

2.5 During the Option Period the Owner will not grant any option or other rights to any party in relation to the construction of transmission lines or the transmission of electricity on, over, under or in respect of the Land without first obtaining the prior written consent of Contact, which will not be unreasonably withheld.

2.6 During the Option Period the Owner will not place any building or other structure or plant any tree, shrub or other vegetation on, or alter the natural level of, the Corridor without the prior written consent of Contact, which will not be unreasonably withheld.

2.7 If Contact does not exercise the Option within the Option Period then unless otherwise agreed in writing by the parties, this Agreement shall be at an end and neither party shall have any claim upon the other except for any antecedent breach of this Agreement.

### 3. INVESTIGATIONS

3.1 The Owner grants Contact and persons under Contact's control the right to access the Land to carry out the Investigations during the Option Period.

3.2 Contact will endeavour to schedule access onto the Land to carry out the Investigations for periods which minimise disruption to the Owner's use of the Land and will provide at least five (5) days written notice to the Owner prior to entry on the Land. Where practicable the notice shall include details of the time Contact expects to remain on the Land and the type of any equipment that is likely to be required to carry out the Investigations.

3.3 Contact will access the Land and carry out the Investigations in a manner which does not materially adversely affect the Owner's normal farming operations, and shall during this time:

- (a) cause as little damage as reasonably possible to the Land;
- (b) complete all work promptly and in a proper and workmanlike manner;
- (c) leave any gates as they were found;
- (d) restore the Land as near as reasonably possible to the condition it was in prior to the carrying out of the Investigations;
- (e) make good any part of the Land which is damaged by Contact;
- (f) not leave on the Land any rubbish or debris or obstruction except while work is being carried on upon the Land;
- (g) upon receipt of valid tax invoices, pay any fair and reasonable costs that the Owner incurs in providing Contact (at Contact's request) with practical assistance in relation to the Investigations;

3.4 The parties agree to work together in good faith to resolve any issues in respect of the Owner's farming operations on the Land that arise as a result of Contact carrying out the Investigations.

### 4. COMPENSATION FOR GRANT OF TRANSMISSION EASEMENT

4.1 If Contact has satisfied itself as to the results of the Investigations and ~~wishes to have~~ exercised its the Option then, subject to clause 4.1(d)(i), Contact will, in consideration of the grant of the Transmission Easement, ~~be~~ be required to pay Compensation to the Owner. The Compensation shall be determined as follows:

- (a) Contact shall appoint at its cost a registered valuer to assess the diminution of value of the Land as a result of the grant of the Transmission Easement ("Contact's Valuation"). Contact's Valuation shall be conducted in accordance with the principles for valuation

derived from the Public Works Act 1981 and utilising the recognised “before and after” methodology. If during the period between the date of this Agreement and the date that Contact serves the Option Notice under clause 2.2, the Public Works Act 1981 is amended or replaced to vary the amount of, or manner in which, compensation is payable, then Contact’s Valuation shall be conducted in accordance with the principles for valuation derived from that new law and the Compensation shall become payable in accordance with the manner prescribed in that new law, unless manifestly inappropriate in the circumstances. Contact shall provide the Owner ten (10) Working Days written notice that it intends to conduct Contact’s Valuation.

- (b) The Owner shall have one (1) month from the date of receipt of Contact’s written notice to both appoint its own alternative registered valuer and procure a valuation from that valuer, such valuation to be conducted on the same basis as Contact’s Valuation as set out in clause 4.1(a) (“Owner’s Valuation”).
- (c) Within two (2) Working Days from and after the completion of the Owner’s Valuation, the parties shall exchange their respective valuations and shall negotiate in good faith for a period of ten (10) Working Days from such exchange to agree upon the amount of the Compensation.
- (d) If the parties cannot agree on the amount of the Compensation within the ten (10) Working Days then Contact may;
  - (i) elect to terminate this Agreement by giving to the Owner twenty (20) Working Days written notice and upon expiration of the twenty (20) Working Days this Agreement shall terminate and no party shall have any claim upon the other; or
  - (ii) at its cost refer the matter for arbitration under clause 13.5.

4.2 Subject to clause 4.3, the Compensation willshall be payable by Contact in the following manner:

- (a) the first ninety (90) percent to the Owner on or before the date twenty (20) Working Days from and after either the date that the parties agree in writing on the amount of the Compensation, or from and after the decision of the arbitrator; and
- (b) the remaining ten (10) percent to the Owner on or before the date five (5) Working Days from and after the ~~date that the Transmission Easement~~ Registration Date. ~~is registered on the Computer Freehold Register(s) for the Land.~~

4.3 Notwithstanding clause 4.2, the Owner may, upon notice in writing provided to Contact within five (5) Working Days from and after either the date that the parties agree in writing on the amount of the Compensation, or from and after the decision of the arbitrator, elect that Contact pay the Compensation to the Owner converted (by way of substitution for the clause 4.2 payments) to an annual rental payable in instalments at 8.2% of the Compensation and adjusted annually thereafter by CPI as provided in this document, or 50% of the Compensation as a lump sum and 50% converted to annual rental instalments at 8.2% of the 50% of the Compensation and adjusted annually thereafter by CPI as provided in this document by the following methods as is applicable:

(a) as an annual sum equal to A payable for thirty five (35) years from the Transmission Easement Registration Date, where:

$$A = C \times 0.082$$

Where C = the amount of the Compensation determined pursuant to clause 4.1; or

(b) 50% of the Compensation determined pursuant to clause 4.1 on or before the date five (5) Working Days from and after the Transmission Easement Registration Date and the remaining 50% as an annual sum equal to A payable for thirty five (35) years from the Transmission Easement Registration Date:

$$A = C \times 0.082 \times 50\%$$

Where C = the amount of the Compensation determined pursuant to clause 4.1.

4.4 (a) If the Owner elects to have the Compensation wholly or partly converted (by way of substitution for the clause 4.2 payment method) into rental instalments and paid by the method in clause 4.3(a) or 4.3(b) then Contact shall pay to the Owner the relevant rental instalment calculated under clauses 4.3(a) or (b) (as appropriate) annually in advance on each anniversary of the Transmission Easement Registration Date, with the first such rental payment due on the Transmission Easement Registration Date and the final such rental payment due on the date thirty five (35) years from the Transmission Easement Registration Date.

(b) If the Owner elects to have the Compensation wholly or partly converted (by way of substitution for the clause 4.2 payment method) into rental instalments and paid by the method in clause 4.3(a) or 4.3(b) then in each case the applicable rental instalment calculated under clauses 4.3(a) or (b) (as appropriate) shall be adjusted annually from the first anniversary of the Transmission Easement Registration Date ("the Adjustment Dates") by a percentage equal to the percentage increase in the CPI for the twelve (12) month period immediately preceding the relevant Adjustment Date provided that such increase will not be greater than five (5) percent of the annual rental sum payable immediately prior to that Adjustment Date. The movements in the CPI shall be taken to and from those increases published as at 31 March, 30 June, 30 September, or 31 December in each year, whichever of those dates immediately precedes the relevant Adjustment Date.

4.5 The parties agree that on the expiration of thirty five years from the Transmission Easement Registration Date (and every thirty-five years thereafter) Contact's obligation to pay any previous compensation amounts will cease and Contact will pay to the Owner a new amount of compensation which will be determined in accordance with clause 4.1 ("New Compensation"). The ability to convert the clause 4.2 payments either wholly or partly to annual rental as in clause 4.3 and 4.4 shall only be available to the Owner at Contact's discretion, otherwise the New Compensation shall be payable in one sum on or before the date twenty (20) Working Days from and after either the date that the parties agree in writing on the amount of that New Compensation, or from and after the decision of the arbitrator in respect of that New Compensation.

4.6 The parties acknowledge that whilst they have agreed on the principles for valuation derived from the Public Works Act 1981 as the mechanism by which the New Compensation will be calculated,

the obligation for Contact to pay the New Compensation is greater than that which would be imposed on a person required under the Public Works Act 1981 to compensate the owner of land for the acquisition of their land for a public work.

## **5. GRANT OF TRANSMISSION EASEMENT**

- 5.1 Upon receipt by the Owner of the Option Notice and subject to clause 4.1(d)(i), the Owner will grant the Transmission Easement to Contact.
- 5.2 The Corridor as shown on the plan in the Second Schedule is intended to be indicative only and of such width that Contact can elect the precise location of the Transmission Line within the Corridor. That location will be subject to Survey and consultation with the Owner. The Transmission Easement width will be approximately 45 metres.
- 5.3 Contact will at its cost arrange and carry out all necessary Survey work and prepare the Transmission Easement instrument to enable the Transmission Easement to be registered over the computer freehold register(s) for the Land.

## **6. OWNER TO PROVIDE ASSISTANCE**

- 6.1 During the Option Period and after Contact's exercise of the Option, the Owner and Contact will cooperate to enable Contact to obtain at Contact's cost, but on terms entirely satisfactory to Contact, all statutory and regulatory consents, required to enable Contact to ensure that the construction of the Wind farm Development and the Transmission Line is lawful.
- 6.2 Upon receipt of valid tax invoices, Contact will reimburse all reasonable costs incurred by the Owner in providing assistance under clause 6.1.

## **7. NO RMA OBJECTION**

- 7.1 The Owner acknowledges that Contact Energy Limited and/or Contact Wind Limited (for the purposes of this clause known together or separately as "Contact") is constructing the Wind Farm Development and Transmission Line (the "Development") for use in connection with Contact's generation and supply of electricity. As a result, the Owner agrees that it will, and it will procure that any third party beneficiary of any rights granted hereunder will:
- (a) not submit against or object to for the purposes of the Resource Management Act 1991 to applications that Contact may make for, or in relation to, resource consents associated with the Development from time to time;
  - (b) upon written request from time to time, promptly provide Contact such support, cooperation and/or assistance reasonably required by Contact to ensure that Contact's easement interests in the Land are not taken into account by a consent authority; and
  - (c) not directly or indirectly request any District and/or Regional Council to change or vary an existing district plan or regional plan, or include any provision in a proposed district plan or regional plan, or make a submission or attend a hearing in relation to such a change or variation, which might adversely affect the Development.

7.2 Upon receipt of valid tax invoices Contact will reimburse all reasonable costs incurred by the Owner in providing support, cooperation and/or assistance under clause 7.1.

## 8. REGISTRATION OF EASEMENT

8.1 The Owner will:

- (a) properly execute and provide to Contact all plans and documents including the Transmission Easement within twenty (20) Working Days of receipt of a written request to do so by Contact; and
- (b) do all things reasonably necessary to enable Contact to conduct any necessary Survey and register the Transmission Easement over the computer freehold register(s) to the Land.

8.2 From the date of Contact's exercise of the Option, the parties agree to be bound by the terms of the Transmission Easement as if the instrument had been executed and registered.

## 9. CONSENTS

9.1 The Owner warrants that it is the registered proprietor of the Land and agrees to obtain and promptly provide evidence to Contact if requested to do so, that it has the written consent of all lessees, chargeholders, mortgagees and encumbrance holders of the Land to this Agreement and the grant of the Transmission Easement.

9.2 The Owner authorises Contact to obtain the consent to this Agreement and the grant of the Transmission Easement of any lessees, chargeholders, mortgagees and encumbrance holders of any type which have or may acquire an interest in the Land.

9.3 The production of this Agreement is sufficient authority for Contact to request such consents and to enable registration of the Transmission Easement. If requested to do so by Contact, the Owner will execute a separate authority containing the provisions of this clause 9.

9.4 The Owner will promptly, ~~and for no additional fee,~~ give and sign all consents and plans required for the siting, construction and operation of the Transmission Line and for the entry into and registration of the Transmission Easement.

## 10. CAVEAT

10.1 The Owner acknowledges and consents to Contact lodging a caveat against the title to the Land to protect its interests under this Agreement and if necessary, the Owner agrees to execute any such document. This right shall merge on the registration of the Transmission Easement. Contact shall withdraw any caveat lodged under this clause upon registration of the Transmission Easement.

10.2 The Owner's reasonable costs for obtaining Contact's consent as caveator or encumbrancer will be borne by Contact.

- 10.3 Contact will not unreasonably withhold its consent to any dealings with the Land where in Contact's opinion:
- (a) the dealing does not involve the loss of Contact's priority or any other rights of Contact; or
  - (b) the rights being acquired by any person as a result of the dealing do not adversely affect Contact's rights.
- 10.4 For the avoidance of doubt Contact shall register a withdrawal of its caveat if this Agreement terminates pursuant to clauses 2.7 or 4.1(d)(i).

## 11. TRANSFER OF RIGHTS AND OBLIGATIONS BY THE PARTIES

- 11.1 The Owner will notify any party acquiring or intending to acquire an interest in any part of the Land (including any potential mortgagee) of the existence and the terms and conditions of this Agreement.
- 11.2 The Owner will not assign this Agreement or transfer or in any way dispose of the whole or any part of the Owner's estate or interest in the Land (including granting any mortgage or other encumbrance) except with the prior written consent of Contact which will not be withheld where the party acquiring the estate or interest enters into a deed of covenant in the form attached in the Third Schedule (to be prepared by Contact's solicitors at Contact's expense) whereby that party undertakes and agrees:
- (a) that it will be bound by and comply with the terms of this Agreement;
  - (b) without limiting clause 11.2(a), that it will not assign, transfer or in any way dispose of the whole or any part of its estate or interest in the Land without first obtaining a like deed of covenant from any party acquiring the estate or interest, such deed to include the provisions in this clause 11.2;
  - (c) to execute all plans, deeds, transfers, consents and other documents and do all things necessary to give effect to the terms of this Agreement and to enable the registration of the Transmission Easement; and
  - (d) that it is not entitled to any payment from Contact accruing for the period after such assignment, transfer or disposition except in accordance with the terms of this Agreement unless otherwise specifically agreed by Contact at the time of Contact's approval of such assignment or transfer, the intent being that payments and obligations run with the owner of the Land from time to time.
- 11.3 Contact may transfer, lease, assign, licence or sublet any part of its estate or interest in this Agreement, the Transmission Easement, or the Land.

## 12. NOTICES

Any notice to be given under this Agreement shall be in writing and delivered or transmitted as follows:

### The Owner:

PO Box [            ]  
[                    ]  
Phone: [                    ]  
Fax: [                    ]

### Contact Energy Limited:

PO Box 10-742  
Wellington  
Phone: 0-4- 499 4001  
Fax: 0-4- 499 4003

or to such other address as either party may notify to the other in writing, and in any event shall be sufficiently given or served if actually received by the party or the party's solicitor.

## 13. SETTLEMENT OF DISPUTES

- 13.1 If any dispute arises between Contact and the Owner out of or in connection with this Agreement, then either party may refer the issue for resolution under the following dispute resolution provisions.
- 13.2 If a party has any dispute with the other party in connection with this Agreement:
- (a) that party will promptly give written notice ("Notice") of the dispute to the other; and
  - (b) the parties will promptly meet together and in good faith try and resolve the dispute within ten (10) Working Days of Notice being given.
- 13.3 If the parties have been unable to resolve the dispute within ten (10) Working Days of Notice being given the matter shall be referred to mediation.
- 13.4 Where a dispute is referred to mediation:
- (a) the parties will appoint a mediator and if they fail to agree, the mediator will be appointed by the president of the New Zealand Law Society or the president's nominee;
  - (b) if the dispute is not resolved within ten (10) Working Days after the mediator has been appointed, or within any extended time that the parties agree in writing, the mediation must cease and either party may refer the matter to arbitration in accordance with clause 13.5;
  - (c) each party will pay a half share of the costs of the mediator's fees and costs including travel, room hire and refreshments.
- 13.5 If the dispute is not resolved within ten (10) Working Days after the mediator has been appointed, or within any extended time that the parties agree in writing, the mediation must cease and either party may refer the dispute to arbitration under the Arbitration Act 1996 or any amendment or re-enactment of it. The arbitrator shall be agreed between the parties within ten (10) Working Days of

written notice of the referral by the referring party to the other or failing agreement appointed by the President of the New Zealand Law Society. In either case, the arbitrator shall not be a person who has participated in any informal dispute resolution procedure in respect of the dispute. The decision of the arbitrator shall be binding on the parties.

- 13.6 Pending resolution of any dispute, the parties will perform this Agreement in all respects, including performance of the matter that is the subject of dispute.

#### **14. FURTHER ASSURANCE**

The Owner agrees to enter into all necessary applications, consents, approvals and registrable easements, licences or encumbrances or other instruments required under or arising out of this Agreement or the Transmission Easement and to do all other acts and things to give full and proper effect to the terms and conditions of this Agreement or the Transmission Easement and to procure any lessee's, mortgagee's or chargeholder's consent or other consents necessary from any third party who may have an interest in the Land where such consent is required to achieve the objectives of Contact.

#### **15. LOWEST PRICE CLAUSE**

- 15.1 The parties agree, for the purposes of Subpart EW of the Income Tax Act 2007<sup>4</sup>, that the payments in clauses 2.1 and 4 do not include any capitalised interest and is the consideration the parties would have agreed on the date this Agreement was entered into, if payment was required in full at the time the first right was transferred pursuant to this Agreement or the Transmission Easement.

#### **16. MISCELLANEOUS**

- 16.1 Except for the merger of the right to caveat under clause 10.1 and the transfer obligations under clauses 11.1 and 11.2, the terms and conditions of this Agreement shall not merge upon registration of the Transmission Easement.
- 16.2 In the event that any part of this Agreement or the Transmission Easement becomes void, invalid or unenforceable at any time, that will not affect the validity of the rest of this Agreement or the Transmission Easement.
- 16.3 Contact will reimburse the Owner for the Owner's reasonable and actual costs and disbursements up to a maximum of \$5,000.00 plus GST incurred by the Owner in connection with the negotiation and acceptance of this Agreement and the Transmission Easement including, for the avoidance of doubt, legal and valuation fees upon receipt of copies of valid invoices for those costs and disbursements. If the invoices evidence costs and disbursements in excess of \$5,000.00 plus GST then Contact may, at Contact's entire discretion, reimburse the Owner for the reasonable and actual costs which exceed \$5,000.00 plus GST.
- 16.4 Notwithstanding any other provision in this Agreement, payment of the Option Fee and the Compensation (if any) will be deferred until the date five (5) Working Days after the date that the Owner provides Contact with a valid tax invoice for the payment.

**17. COUNTERPARTS**

This Agreement may be executed in any number of counterparts (including facsimile copies) and provided that every party has executed a counterpart, the counterparts together shall constitute a binding and enforceable agreement between the parties. This Agreement shall immediately bind a party following execution by that party.

**EXECUTION**

**SIGNED** for and on behalf of )  
**CONTACT ENERGY LIMITED** )  
by its attorneys )

\_\_\_\_\_  
Name of attorney

\_\_\_\_\_  
Signature of attorney

\_\_\_\_\_  
Name of attorney  
In the presence of:

\_\_\_\_\_  
Signature of attorney

\_\_\_\_\_  
Signature of Witness

\_\_\_\_\_  
Witness Name

\_\_\_\_\_  
Occupation

\_\_\_\_\_  
Address

*Execution by a company:*

**SIGNED** for and on behalf of )  
**[OWNER'S NAME** ] )  
in the presence of: )

\_\_\_\_\_  
Director

\_\_\_\_\_  
Signature of Witness

\_\_\_\_\_  
Witness Name:

\_\_\_\_\_  
Director/Authorised Person

\_\_\_\_\_  
Occupation:

\_\_\_\_\_  
Address:

Note: If two directors sign, no witness is necessary. If a director and authorised signatory sign, both signatures are to be witnessed. If the director and authorised signatory are not signing together, a separate witness will be necessary for each signature.

*Execution by individual(s)*

**SIGNED by**  
**[Owner's Name(s)]**  
in the presence of:

)  
)  
)

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---

Signature of Witness

---

Witness Name:

Occupation:

Address:

**FIRST SCHEDULE -  
TRANSMISSION EASEMENT IN GROSS TERMS AND CONDITIONS**

**1. RIGHTS AND POWERS OF EASEMENT**

The Grantee shall have the right as an easement in gross in perpetuity:

- (a) To build, construct, install, lay, use and operate the Transmission Lines or any part of the Transmission Lines on the Easement Area;
- (b) To transmit and convey electricity up to a capacity of 220kV, electric impulses, data and communications without interruption and impediment along, over and under the Easement Area (except during any periods of necessary renewal or repair) by means of Transmission Lines;
- (c) To inspect, repair, maintain, renew, alter, upgrade, add to, modify and replace the Transmission Lines or any part of the Transmission Lines;
- (d) To enter and remain on such part or parts of the Servient Land as may be necessary to secure access to the Easement Area and the Transmission Lines and on such parts of the Servient Land as may be necessary for the purpose of clauses 1(a), (b) and (c) together with full power and authority for the Grantee, its surveyors, engineers, agents, workmen and contractors, with or without vehicles, implements, machinery, materials and equipment from time to time and at all times to enter and remain on the said part or parts of the Servient Land as may be necessary for the purpose of exercising and enjoying all or any of the rights privileges and easements granted in this instrument;
- (e) To allow the Transmission Lines to swing over the Servient Land from time to time, as a result of the effect of wind on the Transmission Lines;
- (f) To build, construct, inspect, use, repair, maintain, renew, alter, remove and modify roads and access tracks and to modify adjacent fences on the Servient Land at the cost of the Grantee to the extent the Grantee reasonably considers necessary in order to exercise its rights under this instrument, provided that the Grantee shall first obtain the consent of the Grantor (which shall not be unreasonably withheld or delayed), except in relation to the right to use;
- (g) At the cost of the Grantee to clear and keep the Easement Area clear of structures, trees, vegetation, soil and other matter which may in the opinion of the Grantee, interfere with or be or become a hazard to the operation of the Transmission Lines.

**2. COMPENSATION FOR EASEMENT**

The parties acknowledge that the Grantee has paid the Grantor the Compensation as consideration for the grant of this Easement. The parties further acknowledge that the Compensation [drafting note: parties to elect (a), (b) or (c) depending on payment option]:

- (a) was paid by the Grantee and was received by the Grantor in one sum on [date]; or

(b) is payable (by way of substitution for a lump sum payment of the Compensation) by the Grantee to the Grantor as an annual rental instalment sum (representing 8.2% of the Compensation adjusted annually thereafter by CPI in accordance with this Easement) and equal to A for thirty five (35) years from the Transmission Easement Registration Date, where:

$$A = C \times 0.082$$

where C = the Compensation

(c) the Grantee paid to the Grantor and the Grantor received fifty (50) percent of the Compensation on [date] and the Grantee will pay to the Grantor an annual rental instalment sum (representing 8.2% of the Compensation adjusted annually thereafter by CPI in accordance with this Easement) equal to A for thirty five (35) years from the Transmission Easement Registration Date, where:

$$A = C \times 0.082 \times 50\%$$

where C = the Compensation

**[drafting note: if (b) or (c) are chosen a further clause will need to be inserted as follows:**

[(d) The Grantee shall pay to the Grantor the rental instalment sum equal to A annually in advance on each anniversary of the Transmission Easement Registration Date, with the first such rental payment due on the Transmission Easement Registration Date and the final such rental payment due on the date thirty five (35) years from the Transmission Easement Registration Date.

(e) The rental instalment sum equal to A shall be adjusted annually from the first anniversary of the Transmission Easement Registration Date ("the Adjustment Dates") by a percentage equal to the percentage increase in the CPI for the twelve (12) month period immediately preceding the relevant Adjustment Date provided that such increase will not be greater than five (5) percent of the annual rental sum payable immediately prior to that Adjustment Date. The movements in the CPI shall be taken to and from those increases published as at 31 March, 30 June, 30 September, or 31 December in each year, whichever of those dates immediately precedes the relevant Adjustment Date.]

## **2.3. GRANTOR COVENANTS**

### **1.43.1**The Grantor covenants with the Grantee:

(a) not to place any building or other structure or plant any tree, shrub or other vegetation on or alter the natural level of the Easement Area without the prior written consent of the Grantee;

- (b) to take all reasonable steps to ensure that its tenants, agents, employees and contractors do not do any wilful or negligent act or thing whereby the Transmission Lines shall be damaged or destroyed. If it is established that the damage was caused by the negligent or wilful act of the Grantor or its tenants, agents, employees or contractors then the Grantor shall be responsible for the repair and/or replacement required. Any work so required shall be carried out by a contractor selected by the Grantee;
- (c) not at any time to permit or suffer any act or thing whereby the rights, powers, liberties, licences and easements hereby granted to the Grantee may be interfered with or affected;
- (d) not to light any fires in or permit flooding of the Easement Area;
- (e) to comply with and observe all statutory and regulatory requirements and codes of practice applicable to the Grantor from time to time as they affect the Grantor as the owner of the Servient Land;
- (f) not at any time to grant any easement/s over the Easement Area or any electricity transmission easement/s over the Servient Land without the permission of the Grantee, which shall not be unreasonably withheld.

2.23.2 If the Grantor consents to or causes or permits any breach of its covenants contained in this Easement Instrument, the Grantee shall be entitled to take all reasonable steps to abate or remedy the particular breach (at the cost of the Grantor) and in the absence of negligence or recklessness, the Grantee shall not be liable to the Grantor, whether in contract, tort or otherwise, for any loss, compensation, damage or expenses incurred or suffered by the Grantor. Following carrying out any work pursuant to this clause, the Grantee may recover the cost of that work from the Grantor including any solicitor/client costs incurred as a consequence of the breach.

2.33.3 The Grantor acknowledges that the Servient Land is to be available for use in connection with the Grantee's generation and supply of electricity (its "Business"). As a result, the Grantor agrees that it will, and it will procure that any third party beneficiary of any rights granted by this instrument will:

- (a) not to submit against or object for the purposes of the Resource Management Act 1991 to applications that the Grantee may make for, or in relation to, resource consents associated with its Business from time to time;
- (b) upon written request from time to time, promptly provide the Grantee such support, cooperation and/or assistance reasonably required by the Grantee to ensure that the Grantor's easement interests in the Servient Land are not taken into account by a consent authority; and
- (c) not to directly or indirectly request any District and/or Regional Council to change or vary an existing district plan or regional plan, or include any provision in a proposed district plan or regional plan, or make a submission or attend a hearing in relation to such a change or variation, which might adversely affect the Grantee's Business.

### **3.4. GRANTEE COVENANTS**

#### **3.14.1** The Grantee covenants with the Grantor:

- (a) That upon exercising any of its rights the Grantee shall:
- ~~(a)~~(i) cause as little damage as reasonably possible to the Servient Land and the occupiers of the Servient Land;
  - ~~(b)~~(ii) complete all work promptly and in a proper and workmanlike manner;
  - ~~(c)~~(iii) leave any gates as they were found;
  - ~~(d)~~(iv) restore the Servient Land as near as reasonably possible to its previous condition prior to the Grantee's use pursuant to this Easement Instrument;
  - ~~(e)~~(v) make good any part of the Servient Land which is damaged by the Grantee;
  - ~~(f)~~(vi) not leave on the Servient Land any rubbish or debris or obstruction except while work is being carried on upon the Servient Land;
  - ~~(g)~~(vii) have regard to the normal farming operations of the Grantor;
  - (viii) reimburse the Grantor for any reasonable costs incurred by the Grantor in providing practical assistance to the Grantee (at the Grantee's request) in relation to the exercise of the Grantee's rights under this Easement.
- (b) That when the Grantee exercises its rights under this Easement Instrument it shall do so at all times in a manner so as not to obstruct or hamper the Grantor and its tenants, agents, employees and contractors in their normal or reasonable use of the Servient Land.
- (c) To ensure compliance at all times with all statutes and regulations, ordinances and by-laws, and to obtain all approvals, consents and authorisations as are necessary for the Grantee to lawfully conduct the activities permitted by this instrument, including compliance by the Grantee's agents, employees and contractors entering upon the Servient Land from time to time.
- (d) That the Grantee will reimburse the Grantor for any uncompensated damage suffered to the Servient Land and/or any undertaking carried on from time to time on the Servient Land where, or to the extent that, such damage is directly caused or contributed to by the location of the Transmission Lines on the Servient Land.

#### **4.2** The Grantee will give notice to the Grantor before exercising its rights under this Easement Instrument as follows:

- (a) before entering the Servient Land to build, construct, install, lay, remove, repair, maintain, renew, alter, replace, upgrade, add to or modify the Transmission Lines, the Grantee will give the Grantor at least ten (10) Working Days' notice in writing; and
- (b) before entering the Servient Land to inspect or operate the Transmission Lines, the Grantee will give the Grantor at least five (5) Working Days' notice in writing.

4.3 If the Grantee gives notice under clause 4.2, the Grantor may set reasonable conditions relating to the timing of entry onto the Servient Land but these conditions may not:

- (a) delay the entry by more than five (5) Working Days;
- (b) require monetary or other consideration; or
- (c) otherwise defeat the ability of the Grantee to exercise effectively its rights under this Easement Instrument.

4.4 In the case of emergencies (being where entry onto the Servient Land is necessary in circumstances of possible danger to life or property or to maintain the continuity or safety of the supply and distribution of electricity), the Grantee may enter onto the Servient Land without giving prior notice to the Grantor but will give notice to the Grantor as soon as possible and in any event within five (5) Working Days following the entry onto the Servient Land and will comply with all other provisions of this Easement Instrument.

## 5. OWNERSHIP

The Transmission Lines are and shall remain the sole property of the Grantee. Subject to clause 12 ~~the~~ Grantee shall not be required to remove the Transmission Lines at any time. No person shall have an interest in the Transmission Lines by reason only of having an interest or estate in the Servient Land.

## 5.6. RIGHTS IMPLIED

5.6.1 The rights and powers implied by Regulation 10 of and Schedule 4 to the Land Transfer Regulations 2002 and Section 297(2)(b) of and the ~~Fifth~~<sup>Ninth</sup> Schedule to the Property Law Act 2007~~1952~~ shall be deemed incorporated with and form part of this Easement Instrument but where any conflict arises the terms of this Easement Instrument shall prevail.

5.6.2 The Grantor waives and will not at any time claim any compensation from the Grantee pursuant to the Electricity Act 1992 or under any other statute or regulation whatsoever in relation to the rights granted to the Grantee under this Easement Instrument.

## 6.7. COMPENSATION FOR FURTHER WORK

The Grantee acknowledges that its use of the Servient Land in exercising its rights and interests under this Easement Instrument for the purposes of upgrading or altering or modifying the Transmission Line may impact upon the normal day to day activities carried on by the Grantor on the Servient Land. In the event of any direct quantifiable loss of productive farming use of the Servient Land suffered by the Grantor as a direct consequence of the carrying out of the Grantee's activities on the Servient Land as referred to in this clause, the parties shall endeavour to agree on a level of compensation having regard to the loss of estimated (which must be reasonable) productive farming use of the Servient Land.

## 8. SEVERABILITY

If any part of this Easement Instrument is held by any court or administration body of competent jurisdiction to be illegal, void, or unenforceable, such determination shall not impair the enforceability of the remaining parts of this instrument which shall remain in full force.

## **9. NEW COMPENSATION**

9.1 On the expiration of thirty-five (35) years from the Transmission Easement Registration Date (and every thirty five (35) years thereafter) the Grantee's obligation to pay the Grantor any previous compensation amounts will cease and subject to clause 9.2(d)(i) the Grantee will pay to the Grantor a new amount of compensation determined and payable in accordance with clauses 9.2 and 9.3 ("New Compensation")

9.2 (a) The Grantee shall appoint at its cost a registered valuer to assess the diminution of value of the Land as a result of the continued grant of this Easement ("Grantee's Valuation"). The Grantee's Valuation shall be conducted in accordance with the principles for valuation derived from the Public Works Act 1981 ("the Act") and utilising the recognised "before and after" methodology. If during the period between the Transmission Easement Registration Date and the date that the Grantee is required to pay the New Compensation, the Act is amended or replaced to vary the amount of, or manner in which, compensation is payable, then the Grantee's Valuation shall be conducted in accordance with the principles for valuation derived from that new law, and the New Compensation shall become payable in accordance with the manner prescribed in that new law unless manifestly inappropriate in the circumstances. The Grantee shall provide the Grantor ten (10) Working Days written notice that it intends to conduct the Grantee's Valuation:

(b) the Grantor shall have one (1) month from the date of receipt of the Grantee's written notice to both appoint its own alternative registered valuer and procure a valuation from that valuer, such valuation to be conducted on the same basis as the Grantee's Valuation as set out in clause 9.2(a) ("Grantor's Valuation");

(c) within two (2) Working Days from and after the completion of the Grantor's Valuation, the parties shall exchange their respective valuations and shall negotiate in good faith for a period of ten (10) Working Days from such exchange to agree upon the amount of the New Compensation;

(d) if the parties cannot agree on the amount of the New Compensation within the ten (10) Working Days then the Grantee may:

(i) elect to surrender this Easement in accordance with clause 12; or

(ii) at its cost refer the matter for arbitration under clause 14 of Schedule 4 to the Land Transfer Regulations 2002 (or any legislation passed in substitution for the Regulations).

(e) The New Compensation will be payable by the Grantee on or before the date twenty (20) Working Days from and after either the date that the parties agree in writing on the amount of the New Compensation, or from and after the decision of the arbitrator.

9.3 Notwithstanding clause 9.2(e), the Grantee may elect to pay the Grantor (by way of substitution for the clause 9.2(e) payment) all or part of the New Compensation divided into instalments (either wholly or partly) as annual rental payments as in clause 2(b) or 2(c).

9.4 The parties acknowledge that whilst they have agreed on the principles for valuation derived from the Public Works Act 1981 as the mechanism by which the New Compensation will be calculated, the obligation for the Grantee to pay the New Compensation is greater than that which would be imposed on a person required under the Public Works Act 1981 to compensate the owner of land for the acquisition of their land for a public work.

## **10. TRANSFER**

The Grantee may transfer, lease assign or licence all or any part of its estate or interest in the Servient Land and/or rights in this Easement, or any part of those rights, without the consent of the Grantor but subject to the rights and obligations set out in this Easement. The Grantee will promptly give written notice to the Grantor of any such transaction.

## **10.11.NO POWER TO TERMINATE**

There is no power in this Easement Instrument for the Grantor to terminate any of the Grantee's rights due to the Grantee breaching any term of this Easement Instrument or for any reason, it being the intention of the parties that the rights in this Easement Instrument will continue in perpetuity or until the surrender of this Easement pursuant to clause 12.

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## **12. SURRENDER**

9.The parties agree that in the event the Grantee notifies the Grantor that it no longer requires this Easement the parties will forthwith sign all necessary documents and do all such acts and things necessary to effect a surrender of the Easement Instrument and the Grantee shall decommission the Transmission Lines and in doing so, shall use its reasonable endeavours to complete the decommissioning in a manner so as to avoid for so far as reasonably practicable the Transmission Lines becoming an undue hazard. The parties agree that in the event this Easement is surrendered, all rights and obligations of both parties under this Easement and/or the Option Agreement shall cease including, for the avoidance of doubt, the Grantee's obligation to pay any compensation under clauses 2 or 9 of this Easement, and/or clause 4 of the Option Agreement.

## **12.13.COMPLIANCE WITH LAWS**

Both parties will at all times comply with all statutes, bylaws, regulations and legally binding codes of practice and other lawful requirements relating to this Easement Instrument, the Servient Land and the Transmission Lines which place an obligation on the relevant party and with all notices, orders, consents, conditions or requirements which may be validly given or required by any competent authority.

## **13.14.GOVERNING LAW**

This Easement Instrument shall be construed in accordance with New Zealand Law.

#### 14.15. INTERPRETATION

- (a) References to the "Grantor" and the "Grantee" include those parties' respective tenants, agents, invitees, employees, successors and assigns.
- (b) "Compensation" means [amount]
- (c) "CPI" means the Consumer Price Index (All Groups) published by the Department of Statistics (or any body in substitution for it) and in the event that index is not published or is materially varied so that the comparative use of the same is materially inappropriate to calculate the percentage increase in compensation payments referred to in clause 2, then a reasonably comparable replacement index as agreed between the parties.
- (d) "Easement Area" means those areas marked [demarcation] [on Deposited Plan [plan reference]
- ~~(e)~~(e) "Lines" includes any fibre optic cables, conduits, pipes, wires or other cables (insulated or uninsulated) and ancillary equipment above, on or below the ground.
- (f) "Option Agreement" means the agreement entered into between the Grantor and the Grantee dated [date].
- ~~(d)~~(g) "Servient Land" means that land contained in Computer Freehold Register [title reference].
- (h) "Transmission Easement Registration Date" means the date that this Easement Instrument is registered over the computer freehold register(s) for the Servient Land.
- ~~(e)~~(i) "Transmission Lines" means electrical and telecommunications works and includes all or any part of any cables (including fibre optic cables), wires, earthwires, conductors, other apparatus used or intended to be used for the transmission of electricity and associated telecommunications signals and includes pylons, towers, poles, insulators, foundations, tunnels and other structures, fixtures and equipment which the Grantee considers necessary or expedient for the support or protection of the Transmission Lines or to assist in the efficient and proper use of the Transmission Lines in order to give full effect to the Grantee's rights arising under this Easement Instrument.

**EXECUTION**

**SIGNED** for and on behalf of )  
**CONTACT ENERGY LIMITED** )  
by its attorneys )

\_\_\_\_\_  
Name of attorney Signature of attorney

\_\_\_\_\_  
Name of attorney Signature of attorney

in the presence of:

\_\_\_\_\_  
Signature of Witness

\_\_\_\_\_  
Witness Name:

\_\_\_\_\_  
Occupation:

\_\_\_\_\_  
Address:

**SIGNED** for and on behalf of )  
[ ] )  
in the presence of: )

\_\_\_\_\_  
Director

\_\_\_\_\_  
Signature of Witness

\_\_\_\_\_  
Witness Name: Director/Authorised Person

Occupation:

Address:

Note: If two directors sign, no witness is necessary. If a director and authorised signatory sign, both signatures are to be witnessed. If the director and authorised signatory are not signing together, a separate witness will be necessary for each signature.

**SECOND SCHEDULE -  
PLAN SHOWING PROPOSED TRANSMISSION LINE CORRIDOR**

draft

**THIRD SCHEDULE -  
DEED OF COVENANT**

**DATED**

[2009200920092008]

**PARTIES**

- (1) [ ] ("the Landowner")
- (2) [ ] ("the Covenantor")
- (3) **CONTACT ENERGY LIMITED** at Wellington ("Contact")

**BACKGROUND**

- A. The Covenantor has [purchased/mortgaged/charged/licensed/leased] the land described in the Schedule hereto [describe the land] ("the Land") with effect from [date].
- B. The Covenantor acknowledges the existence of certain rights granted to Contact over the Land by virtue of an Option Agreement (the Agreement) entered into between the Landowner and Contact dated [date].
- C. The Covenantor has agreed to observe and perform the obligations required of the Landowner in respect of the Agreement as they affect the Land.
- D. The parties wish to record their acknowledgment on the following terms:

**NOW THE PARTIES AGREE:**

- 1. The Covenantor acknowledges and consents (without a requirement to seek payment of any kind whatsoever) to the grant of existing rights to Contact pursuant to the terms of the Agreement. The Covenantor also acknowledges the right granted to Contact to formalise such rights by the creation of a registrable easement or other instruments over the Land.
- 2. To the extent that is relevant to the Covenantor's interest in the Land, the Covenantor agrees to observe and abide by the terms and conditions of the Agreement as they affect the Land as if the Covenantor had entered into the Agreement in respect of the Land and agrees to not interfere with the grant of rights granted in favour of Contact as such rights affect the Land in any way whatsoever. Further the Covenantor agrees that if it is a mortgagee or chargeholder or has any power of sale of the Land, it will not exercise such power of sale without first notifying Contact and then only on the basis that any sale will be made subject to the terms and conditions of the Agreement.
- 3. The Covenantor will indemnify and keep indemnified Contact against any action, suit, proceedings, liability, claim, demand, loss, damage or expense (including legal fees and disbursements) or lost expected benefits suffered or incurred by Contact resulting from any breach by the Covenantor or by any non-observance or breach of the obligations required of the Covenantor arising out of and from this Deed or the Agreement.

4. The Covenantor if called upon by Contact will consent to the registration of any easement or instrument necessary to give full and proper effect to the terms of the Agreement.
5. The Covenantor will not assign, transfer or in any way dispose of the whole or any part of its estate or interest in the Land without first obtaining a deed of covenant substantially in the form set out herein and to Contact's reasonable satisfaction from any party acquiring the said estate or interest.
6. The parties to this Deed confirm that they each shall be bound by this Deed as from the signing of the same. For the purposes of the Property Law Act 2007 the parties agree that delivery of this Deed to each party may be effected by physical delivery, courier delivery to or email transmission of a copy of the same to the relevant party or its solicitor.

**EXECUTION**

**SIGNED by [the Landowner/s]** )  
 in the presence of: ) \_\_\_\_\_

\_\_\_\_\_  
 Signature of Witness

Witness Name:

Occupation:

Address:

**SIGNED by [the Covenantor]** )  
 in the presence of: ) \_\_\_\_\_

\_\_\_\_\_  
 Signature of Witness

Witness Name:

Occupation:

Address:

**SIGNED** for and on behalf of )  
**CONTACT ENERGY LIMITED** )  
as Lessor by its attorneys )

\_\_\_\_\_  
Name of attorney

\_\_\_\_\_  
Signature of attorney

\_\_\_\_\_  
Name of attorney  
In the presence of:

\_\_\_\_\_  
Signature of attorney

\_\_\_\_\_  
Signature of Witness

\_\_\_\_\_  
Witness Name

\_\_\_\_\_  
Occupation

\_\_\_\_\_  
Address

## EXHIBIT WMM9

### Typical example of the original letter to transmission line neighbours thought likely to be adversely affected by a visual line of sight to transmission towers or the Orton switchyard from their dwelling

January 10 2008

Seamus Kiernan and Connie Erb  
1107 Churchill Rd  
RD1 Pukekawa  
Pukekohe

Dear Seamus and Connie

#### Information about Contact's Proposed Wind Farm Development – Hauāuru mā Raki

We write to provide you with information relating to a new wind farm development Contact Energy and the Wind Farm Group are planning to develop in the Waikato Region.

We are now at a stage where we are publicly discussing this project and we are writing to residents in the area of the wind farm, including the planned transmission route connecting the project to the national grid, to provide an overview of the project. You will find a brochure enclosed containing general questions and answers about the wind farm. Information is also available at [www.contactenergy.co.nz/waikatowind](http://www.contactenergy.co.nz/waikatowind), including email addresses and a free phone number for people wishing to find out more.

The wind farm will be located on remote pastoral farmland on Waikato's west coast, extending 40 kilometers south from Port Waikato. As a result, an important part of the project is transporting the electricity generated from the wind turbines to the main electricity transmission grid at Orton - a distance of approximately 29 kilometres.

The proposed transmission route does not cross your property. We recognise however, that you will be particularly interested in whether you are likely to see the transmission line or lattice towers from your neighbouring dwelling.

Please be aware that there are likely to be many changes to the final positioning of the proposed line over the next several months. For example, the final positioning will depend on geotechnical investigations and our desire to co-operate with each landowner across whose property the line is likely to traverse, to ensure any effects on their farming activities are minimised. We will of course keep you informed of these changes should they impact you. With this in mind, we have modeled the current proposed transmission route to determine if there may be any visual impact on your dwelling. To do this, we have had to

make a number of assumptions from aerial maps as to where your dwelling is located, and to analyse contour maps for the area. (A full list of other modeling assumptions is on information sheet attached)

Using these assumptions, our modeling indicates your dwelling will have a theoretical line of sight of less than one kilometer to one transmission tower. The distance from your house to the nearest transmission tower that our analysis suggests you may be able to see, will be around 750 metres.

To assist you in understanding the geographic relationship between your house and the proposed transmission towers, we have enclosed a modeled aerial view from our project information database. (Key on attached information sheet).

As we have noted above, without the benefit of actually visiting your property we have had to make assumptions about the physical location of your dwelling which we hope are reasonably accurate. Please advise us if that is not the case.

Our visual and landscape experts have advised us that a direct line of sight of between 500 metres and one kilometre is likely to make such towers “moderately” visible. The extent of visibility depends upon how the towers merge with the general landscape. In order to reduce visibility, the proposed transmission line will be sited below hill lines where possible and has been designed to merge with the background landscape. Some of the other factors impacting upon visibility are set out in the “assumptions list” attached.

It is important to us that you are fully informed about this part of the project and have every opportunity to discuss it with us. We are happy to meet with you at any mutually convenient time to clarify any aspect of this development. You should also feel free to call our dedicated project telephone line 0800 000 458 if you wish to discuss any matter.

There is still a great deal of work to be done on this development and we will keep you up-to-date with its progress. This is an exciting and important project that will be very beneficial for the Waikato region and the rest of the country. The benefits to the Waikato region have been estimated at more than \$165 million over the wind farm construction period and at more than \$8 million per year after that.

We look forward to sharing more details with you as this project develops.

Kind regards

Robyn Orchard  
Consultation Coordinator  
Contact Energy

Further assumptions used to determine visibility of transmission structures from your dwelling

- Based on a line of sight from the dwelling to the top of the transmission structure of 48 metres.
- A transmission structure height of 48 metres has been used. The likely structure heights are 32 metres to 48 metres.
- The land contour data used is 5 metres for the transmission route and 20 metres outside this. The actual contouring present may alter the visibility of the transmission structure
- Dwelling coordinates are estimated to be within +/- 20 metres.
- Trees and vegetation, which could provide screening, are not taken into account.
- The orientation of the dwelling, which could limit the visibility of transmission structures, has not been taken into account

Key to modeled aerial view of your property

**N560** Your property number for our database

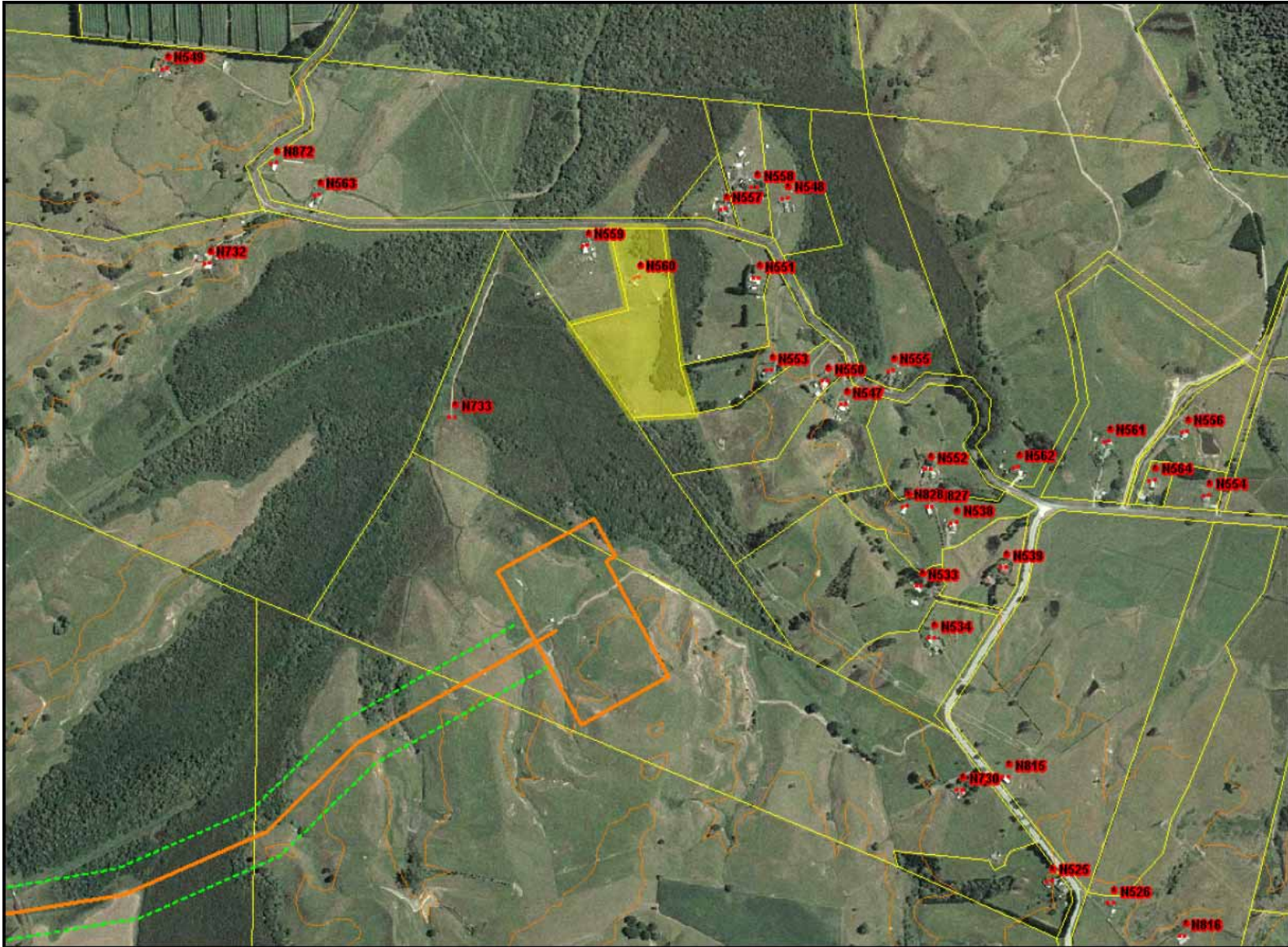


Your property

**- - - - -** 200m Transmission line corridor – line may shift within this corridor in final design

**—————** Transmission line

**00L-O** Transmission Towers



kiernan property

1:8792

9/01/2008

000059

CONTACT ENERGY LIMITED

Private Bag 2001 Taupo  
New Zealand

Wairakei Power Station  
State Highway 1  
Taupo

Phone 64-7-376 0500  
Fax 64-7-374 8472



EXHIBIT WMM10

**Typical example of follow-up letter to transmission line neighbours thought likely to have a visual line of sight to transmission towers or the Orton switchyard from their dwelling**

October 2008

Ms Maree Wickham  
1055 Churchill Rd  
RD1 Pukekawa  
Pukekohe

Dear Maree

**Information about Contact's Proposed Wind Farm Development – Hauāuru mā raki**

You will recall that we wrote to you on 10<sup>th</sup> January advising you of our intention to build a transmission line to connect our planned wind farm development on the west coast of the Waikato to the main grid near Orton. At that time we also mentioned that there were likely to be many changes to final positioning of the proposed line over the next several months. This has continued as we have held discussions with each landowner across whose property the line is likely to traverse, and made some adjustments in the intervening period.

By now you will have received advice from the Franklin District Council that the company has applied for resource consents for both the wind farm project and an associated Notice of Requirement to designate a certain corridor for the transmission line. The application will be heard by a Board of Inquiry under a call-in process that has been convened by the Minister for the Environment. However it is still possible that the corridor may continue to be fine-tuned in future months as negotiations with landowners continue.

We are aware that the Minister has called for submissions on our application by 3<sup>rd</sup> November, and ahead of that date, we thought it may be helpful to provide you with an update of our "line-of-sight" modelling, and how we think your property might be affected from a visual perspective.

The plan is to locate the main switchyard on the Hewitt property and a number of existing towers on the main Otahuhu transmission line will need to be relocated to connect to that switchyard. As a result, some properties on the main grid side of the switchyard will be

aware of the deviation of existing transmission towers and / or the erection of new ones to connect to the new switchyard.

We have attached an aerial map which shows the existing line (in grey) and the planned new deviation (in red) to the new switchyard, and then back out to the main Otahuhu line. This deviation starts at the tower that is referred to on the map as T61, and returns to the main line at the tower referred to as T66. The intervening towers (T62, T63, T64 and T65) would all be dismantled.

We have modeled the proposed wind farm transmission route and the deviation of the existing north-south transmission line to determine if there may be any visual impact on your dwelling. To do this, we have had to make a number of assumptions from aerial maps as to where your dwelling is located, and to analyse contour maps for the area. (A full list of other modeling assumptions is on the information sheet attached)

As we see it, your dwelling currently has a line of sight to T62, T 64 and T65. The closest of these is T64 which is about 370 metres away. Under the planned deviation we estimate that you will probably be able to see all of the new DEV towers but they will all be further away. Under our line of sight model we calculate they will be between 530 metres and 640 metres from your dwelling.

On our contour modeling, we calculate that the new switchyard to be built on the Hewitt property will not be visible from your dwelling at all.

Our visual and landscape experts have advised us that a direct line of sight of between 500 metres and one kilometre is likely to make transmission towers “moderately” visible. The extent of visibility depends upon how the towers merge with the general landscape. In order to reduce visibility, the proposed transmission line will be sited below hill lines where possible and has been designed to merge with the background landscape. Some of the other factors impacting upon visibility are set out in the “assumptions list” attached.

We hope this update will assist you in your understanding of the transmission aspects of the wind farm project, and in the preparation of any submission you may be seeking to make. Should you require any further information you should also feel free to call our dedicated project telephone line 0800 000 458.

Kind regards

Robyn Orchard  
Consultation Coordinator  
Contact Energy  
0800 000 458

### **Further assumptions used to determine visibility of transmission structures from your dwelling**

- Based on a line of sight from the dwelling to the top of the transmission structure of 48 metres.
- A transmission structure height of 48 metres has been used. The likely structure heights are 32 metres to 48 metres.
- The land contour data used is 5 metres for the transmission route and 20 metres outside this. The actual contouring present may alter the visibility of the transmission structure
- Dwelling coordinates are estimated to be within +/- 20 metres.
- Trees and vegetation, which could provide screening, are not taken into account.
- The orientation of the dwelling, which could limit the visibility of transmission structures, has not been taken into account

EXHIBIT WMM 11

Landowners that have submitted against the Application for Notices of Requirement

