

IN THE MATTER

of the Resource
Management Act 1991

AND

IN THE MATTER

of applications by
Contact Energy Limited
for resource consents for
activities related to the
use and disposal of
geothermal fluid from the
Wairakei geothermal
system.

STATEMENT OF EVIDENCE OF ALISTAIR STUART McLACHLAN

My full name is Alistair Stuart McLachlan. I am Chairman of Directors of Geotherm Group Limited ("Geotherm"). I am Chairman of Directors of Mac Power Limited. I am also a Trustee of the Waituruturu and Waipouwerawera Trusts, the owners of the Geotherm companies.

1. I have owned the same property overlying the Wairakei Geothermal Field since 1965. I have been involved in the development and utilisation of geothermal energy since 1979.
2. I authorised Geotherm's resource consent application for the construction and operation of a geothermal plant at Tukairangi Road, Taupo.

Contact Energy Call-In Application - Consultation

3. At no time has Contact Energy personally consulted me over its plans for Te Mihi, or the extension of the existing consent conditions for what is now known as the Poihipi Road Power Station. This station was constructed under my Chairmanship and is located on my farm property.
4. This property has been subject to a number of Court hearings when Mercury Energy attempted to sell the property to Contact Energy in 1999, attempting to defeat my Right of First Refusal.
5. Contact Energy and Vector Limited, have subsequently failed to comply with the decision of the High Court and Court of Appeal, in defining the boundaries of the Poihipi Power Station. This is causing further disputes over access to various landholdings for Contact's activities in connection with the Poihipi and Te Mihi stations. In particular, Contact Energy is currently seeking in the High Court to have our lease and its attendant rights cancelled, to provide

advantages for contact in its geothermal generation activities. in the interim, the solicitors for Vector's appointed Receiver (Smith Chilcott) have advised the Waituruturu Trust, that they intend to take land currently leased to my family, for the purposes of Contact Energy (who were not a party to the Mercury Geotherm Joint Venture) for reinjection of fluids outside the resistivity boundary. I believe that these actions are in contravention of a High Court decision relating to the use of the Wairakei geothermal field.

6. While these actions may seem to be unconnected with the operations at Te Mihi and Poihipi power stations, they are in fact relevant because they affect Contact's ability to access lands where they discharge gas and intend to reinject fluid from both Poihipi and Te Mihi. Stations.

Air Discharge from Poihipi

7. In 1988 and 1989 ECNZ (now Contact Energy Limited) submitted with respect to the Geotherm Energy water right applications, that the potential air discharge for what is now Poihipi Power Station should be kept within specific constraints.
8. Mr Carey for ECNZ stated that the environment should be protected from Geotherm Energy's proposed activities. We now submit that Contact Energy should be subjected to the same constraints it sought to impose on Geotherm.
9. It has been my experience that strict control and independent monitoring of the Contact air discharges will be necessary because of the discrepancies between the acknowledged discharges of contaminants to atmosphere by Contact Energy and its publicly

advertised discharges from its former Information Centre. The discharges at Poihipi include unauthorised discharges of gases from Te Mihi, with hydrogen sulphide concentrations significantly in excess of the authorised and safe limits.

Reinjection

10. In my submission I noted the potential conflict between existing consents and the proposal for reinjection of geothermal fluid (and condensate) from the Poihipi and Te Mihi Power Stations.
11. While I do not oppose the construction of the Te Mihi Power Station, I am concerned at the current attempts by Contact Energy to acquire land, over which I hold the right to purchase, and the recent demands made upon me to forcibly take such land for the purposes of reinjection, despite Contact Energy not holding consents for this purpose in this location.
12. Contact is effectively using Poihipi as a treatment facility for fluid from Te Mihi, then the fluid is to be discharged outside the resistivity boundary of the geothermal field. I believe that Contact Energy should be required to return all condensate and separated geothermal fluid from the Poihipi Power Station site back to its source at Te Mihi, and reinject that fluid beneath its own land. Evidence at the Geotherm hearings at 2005, indicates that this would assist in maintaining reservoir pressures and reduce subsidence.

Transmission of Energy

13. On 23 October 2007, Contact Energy submitted to the Environment Court of Appeal at Christchurch that Trust Power Limited should be constrained from injecting additional electricity to the existing 220Kv system. The reasons given included the assertion “*that the 220Kv circuit north of Roxburgh are occasionally constrained now (i.e. unable to accept all available electricity generation).....*”
14. Contact Energy also claimed that the injection of addition electricity to the 220Kv electricity commission circuit “*will displace other renewable electricity generation.....*”
15. Contact Energy further stated that “*the applicant (TrustPower) acted consistency with its own assertions that it would not proceed in the absence of upgraded electricity commissioned capacity.*”
16. Contact sought relief including the following “*..... commissioning of any wind turbine..... shall not occur until the National Electricity Grid links are upgraded from their capacity as at 1 January 2007 by the amount of electricity output that turbine, in-combination of any other turbine commissioned..... have the capacity to produce.*”
17. I am concerned that the planned 65MWe of electricity approved from the Geotherm Station will be constrained by Contact Energy injecting electricity into the Wairakei – Whakamaru circuit without upgrading the capacity of that circuit.

Location of Competing Wells

18. Contact Energy have spent many months attempting to locate a new well adjacent to wells WK604, 605, and 606 (WK607). The purpose of this well 607 is unclear, and its establishment by Contact is in contravention of warnings given by the Hearing Commissioners. Clear constraints need to be placed on the location of any new wells and appropriate monitoring and reporting requirements should be imposed to avoid repetition of that activity.

Dated 27 June 2008

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A S McLachlan