

IN THE MATTER of the Resource Management Act 1991

AND

IN THE MATTER of a Board of Inquiry appointed under s146 of the Resource Management Act 1991 to consider an application by Mighty River Power Limited for resource consents to construct, operate, and maintain a wind farm at Turitea

REBUTTAL EVIDENCE OF MARIAN MELHUISH

1. This statement is in response to the recent suggestion by MRP that the Motorimu Wind Farm may not be viable economically and therefore might be unlikely to be constructed.
2. The Motorimu decision demonstrates that the Environment Court sets an acceptable environmental envelope, and the consequential benefits of wind energy provided including national benefits associated with renewable electricity. In my opinion, this is a reasonable way to proceed and the assumption of viability is also reasonable having regard to the various factors that affect viability as well as the long term economic wind fall likely to occur in respect of owners of allocated consented wind resources .
3. As the RMA requires, the Court's assessment of balance determines what visual disturbance is acceptable – and it is for the proponent on commercial considerations to say yes or no. That is exactly the position I took in my statement of evidence. I said that the Electricity Commission's "Sustainable Path" scenario, which is the only one consistent with the 90% renewable target, would install some 3600 MW of wind by 2040, and almost 2000 MW by 2024.¹ This can only be contemplated with very wide public acceptance of wind generation. This acceptance can only occur if wind generation is carried out in a truly sustainable manner.
4. The framework for environmental management adopted by decision makers is critical to setting market limits. I consider that if those market limits are not managed carefully then this will ultimately be inimical to achieving long term renewable targets.
5. It's the long view that I take, and that the Court took in the Motorimu decision.

¹ (Note these figures are somewhat arbitrary, depending on a random selection by the Generation Expansion model of projects which are modeled in simple terms, by regional location, rather than being specific proposals).

6. In my opinion Motorimu will be part of that multi-thousand MW wind resource. It will become economic, in its consented configuration, by the time gas contract costs rise to fully reflect international gas prices. Nothing can be more certain. This view is reinforced by the shared view that Dr. Layton and I have as to the likely trajectory of prices for gas for electricity generation. I said the prices for gas electricity are now expected to be much higher than those given in the 2008 SOO, under a range of plausible wholesale gas prices and carbon emission prices (See Melhuish SOE para 79).

7. I therefore consider that it would be a very unsafe conclusion for the Board to reach that the Motorimu Windfarm will not be economically viable. Furthermore, ability to purchase the consent from a stressed vendor is likely to make the price attractive. This is important because of the emphasis all participants place on consenting risk.