31 October 2019

Cheryl Barnes  
Deputy Secretary  
Water and Climate change  
Ministry for the Environment  
Wellington

Email: cheryl.barnes@mfe.govt.nz and freshwater@mfe.govt.nz

Re: Draft National Policy Statement for Freshwater Management (NPSFM)  
Proposed National Environmental Standards for Fresh Water (NESFM)

Dear Ms Barnes

Thank you for the opportunity to take part in the discussion on freshwater reform for New Zealand. Inchbonnie Hydro have built, own and operate a small run-of-river hydro scheme on the West Coast of the South Island. We generate about 10 GWh/yr renewable energy, which is about enough to supply 1200 houses. The scheme was specifically developed by the owners’ to help meet New Zealand’s electricity needs in a renewable and sustainable way with minimal impact on the environment. The water used in generation comes from two native bush-clad catchments in hanging glacial valleys about 400m above the Taramakau river and is returned to the streams in the same pure condition. The consent process through DOC and the West Coast Regional Council required rigorous environmental assessments and conditions to be met to ensure the ecological sustainability of the streams and the species that live in them.

We are very concerned about the likely negative impact of the proposed NPSFM on future and current small hydro as it does not consider other key societal needs. It is not ‘joined-up thinking’ and appears to have been developed in isolation without considering small renewable hydro generation which provides real benefit to New Zealand’s sustainable goals and overall climate change objectives.

If these reforms go through as currently proposed, it will be significantly more difficult to consent new small hydro schemes, or even to re-consent existing ones.

The significant problem with the freshwater reforms is that they apply nationally to all waterbodies, irrespective of whether those waterbodies are degraded or of high water quality. This broad blanket approach will have serious implications on the social and economic wellbeing of communities in regions such as the West Coast which have high water quality. When combined with the new benchmark of setting target attributes "at" or "above" the current state, even if these attributes are already well above accepted environmental bottom lines, a much higher hurdle is created for any future consenting (and potentially re-consenting) process.

Moreover, at least from a policy perspective, the proposed freshwater reforms will significantly affect the Government’s ability to meet its goal of 100% renewable by 2025 and to reduce its greenhouse gas emissions to 0 by 2050 to address climate change.
The fundamental issues as we see them are as follows:

1. The fundamental concept of the proposed NPSFM is "Te Mana o te Wai". Te Mana o te Wai provides that, at both the planning level and the consenting level decision-makers will be required to put the health and wellbeing of the water first. Providing for essential human needs, such as drinking water, will be second, and other uses, such as renewable electricity generation will be third.

2. In accordance with the fundamental concept of Te Mana o te Wai, the objectives and policies of the proposed NPSFM clearly prioritise the health and wellbeing of freshwater and are strongly directed toward environmental protection. The proposed NPSFM does not provide any clear, meaningful, strongly directive policies recognising that enabling renewable electricity generation is critical to meeting the Government's climate change and renewable electricity targets.

3. The clear and directive environmental protection objectives and policies arguably trump the objectives and policies in the National Policy Statement on Renewable Electricity Generation (NPSREG) such that generators cannot rely on the NPSREG to consent or re-consent hydro where there is a conflict with the proposed NPSFM.

4. Unlike the current NPSFM which is based on identifying and avoiding environmental bottom lines, under the proposed NPSFM the framework is based on maintaining and improving current attributes, even where the quality of the current attribute is high.

5. The requirement to set target attributes "at" or "above" the current state of a river creates a very strict environmental protection regime. These strong environmental protections apply even to fresh water which is currently of high quality, such as Inchbonnie.

6. In implementing the proposed NPSFM councils will be required to develop objectives and rules which place significant restrictions on activities which use fresh water, including hydro schemes.

7. Even if we were to successfully argue that the proposed NPSFM is not a "no effects" regime and that a consenting pathway to enable hydro needs to be provided for in regional plans, it will be very challenging to consent or re-consent such schemes. This may be particularly difficult where attributes are set in relation to threatened species. Applicants will need to demonstrate consistency with the strongly directive protection objectives and policies within both the proposed NPSFM and lower planning documents.

8. The freshwater reforms impose strict environmental protection requirements on activities on or near wetlands which make consenting such activities very challenging if not impossible.

9. The proposed NPSFM restrictions on infilling in streams will make it impossible to consent infilling works in rivers and streams.

10. The proposed reforms requiring the retrofitting of fish passages to existing schemes are likely to be impracticable and may impose significant costs on generators.

11. Smaller hydro schemes have not been given the Exceptions to the NPSFM that are proposed for large Hydro Power Schemes. The NPS has accepted that there is an impact on large hydro – but given it a complete exception – even though they have a greater impact on aquatic life with their large dams blocking rivers. Small hydro's – with a much lower impact- are not provided any exception. Small hydro generates 11% of NZ's HEP output – all of which will be subject to increased operating and output risk if this proposal progresses in current form.

Of particular concern to us is the fact that the NPSREG would be relegated to 3rd position, and effectively trumped, firstly by Te Mana o te Wai and secondly by essential human needs. These need to be considered together for the overall benefit of society and the environment. It should be noted that run-of-river hydro schemes like Inchbonnie do not store or affect the water quality at all.
Our view is that the NPSFM and NESF need to be amended and that they must provide clear, meaningful and strongly directive policies recognising that enabling smaller hydro schemes like Inchbonnie is not only critical to meeting the Government's climate change and REG targets but is essential to enable local communities, such as the West Coast, to provide for their social and economic wellbeing.

We would welcome the opportunity to discuss these issues with you further.

Yours sincerely

[Signature]

Director