

28th April 2017

Clean Water Consultation 2017
Ministry for the Environment
PO Box 10362
Wellington 6143

By Email: watercomments@mfe.govt.nz

Dear Sir/Madam

Submission: Clean Water Consultation 2017

Please find attached King Country Energy Limited's submission on the Government's proposed changes to the National Policy Statement for Freshwater Management 2014 (hereafter referred to as the '**NPS FM**') as outlined in the document titled "Clean Water" that was published in February 2017 by the Ministry for the Environment.

King Country Energy Limited acknowledges and supports the Government's programme for continuing to improve the workability of the NPS FM, and the Government's approach to managing expectations and directing efforts related to improving swimmability of waterbodies, whilst providing for economic well-being.

King Country Energy Limited supports in principle a number of the amendments to the NPS FM as proposed and discussed in the Government's Clean Water document, and set out in the track-changed version of the NPS FM appended to that document. However, at the same time, King Country Energy Limited also seeks a number of additional amendments to the NPS FM. The Company's support, concerns, requests for further clarification and amendments sought to address the same are outlined in the attached submission.

King Country Energy Limited is happy to meet with or be contacted by Government officials should there be any queries with respect to this submission. Please do not hesitate to contact the undersigned regarding the same. Further, and as set out within the attached submission, King Country Energy Limited records that it wishes to be involved with all (currently proposed and future) amendments to the NPS FM.

Yours sincerely

King Country Energy Limited



Chris Fincham

Energy Supply Manager

CLEAN WATER CONSULTATION 2017
SUBMISSION ON PROPOSED CHANGES TO THE
NATIONAL POLICY STATEMENT FOR FRESHWATER MANAGEMENT 2014

To: Clean Water Consultation 2017
Ministry for the Environment
PO Box 10362
WELLINGTON 6143

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Signature: 

Date: 28th of April 2017

1 INTRODUCTION AND OVERVIEW

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

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

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

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

This submission is made to the the Government's proposed changes to the National Policy Statement for Freshwater Management 2014 (hereafter referred to as the '**NPS FM**') as outlined in the document titled "Clean Water" that was published in February 2017 by the Ministry for the Environment. The Company records that it wishes to be involved with all (currently proposed and future) amendments to the NPS FM.

2 STRUCTURE OF THE SUBMISSION

KCE recognises the significant efforts that have been made over the past ten years to improve the quality of water in New Zealand. KCE considers that the NPS FM has a critical role in coordinating these efforts and providing assurance to communities that their objectives can be achieved over time.

KCE supports the Government in continuing to improve the workability of the NPS FM, and providing a focus for managing expectations and efforts related to improving swimmability of waterbodies.

Further, KCE generally supports a number of the amendments to the NPSFM as discussed within the Government's 'Clean Water' document and as proposed in the track-changed amendments to the NPS FM, which is appended to this document. At the same time, however, the Company has some concerns and points of clarification that it considers must be addressed in the final amendments to the NPS FM. KCE's support, points of clarification and the changes sought are outlined in the following sections.

3 SWIMMABILITY

3.1 Comment

The Government is proposing a suite of changes to the NPS FM to require councils to identify in regional plans the lakes and rivers that are currently suitable for swimming, which water bodies will be improved so they are suitable for swimming more often and specified timeframes for improvement. The focus is on large rivers and lakes (that is rivers in the fourth order¹ or above, and lakes, on average, larger than 1.5 kilometres in perimeter). The proposed amendments will require regional councils to consider swimming at all points of the objective and limit-setting process, and to report publicly how often lakes and rivers are suitable for swimming.

KCE respects public concerns about the quality of freshwater for swimming. KCE considers that the NPS FM is a key tool in guiding and directing regional councils in this respect.

KCE supports, in principle, the direction provided by the proposed changes. In particular, KCE supports retention of the ability for councils and communities to prioritise particular rivers and lakes for improved swimmability and to agree and set the timeframes over which these improvements will be achieved. KCE notes that improvements in water quality will likely involve costs to the community in some form (whether direct costs to landowners or indirect costs to the community broadly). The Company considers that it is imperative that communities are able to make informed decisions, through council processes, about their freshwater objectives and associated timeframes.

In addition to this, KCE supports the focus of the standards being on rivers in the fourth order or above and lakes that are larger than 1.5 kilometres in perimeter, given the likely compliance costs associated with monitoring much smaller streams and ponds and their practicality for being swimmable given their size.

3.2 Relief sought:

Retain the following:

- a) Flexibility for councils to prioritise particular rivers and lakes for improved swimmability and the timeframes over which these improvements will be achieved.
- b) The swimmability focus being limited to rivers in the fourth order or above and lakes larger than 1.5 kilometres in perimeter on average.

4 ECONOMIC WELL-BEING

4.1 Comment

The Government recognises the importance of freshwater to New Zealand's economy, and states that it is critical to the success of New Zealand's primary industry and tourism sectors. The Clean Water document also notes that implementing the NPS FM is costly to individuals and communities as a whole. Further, the Government is proposing to amend the NPS FM to clarify that regional councils must consider the community's economic wellbeing when making decisions about the level and pace of change to water quality and quantity.

Being involved in freshwater management on a day to day basis, owning and / or operating five hydroelectric power generation schemes and having had involvement with the NPS FM since its inception, KCE is acutely aware that implementing the NPS FM results in costs for individuals and communities as a whole. The Company considers that it is

¹ Which are those rivers highlighted in blue on the Regional Swimming Maps appended (Annexure 2) to the Clean Water document.

critical that the economic impacts of changes to freshwater quality and quantity limits, and the associated timeframes, are factored into the council decision making process and that adjustments are made to the scale of change sought and associated timeframes where economic impacts are considered to be high.

As a result of the same, KCE supports the general direction provided by the proposed amendments to the Preamble, Objective A2, Objective B1 and Policy CA2 which seek to clarify that economic well-being must be considered when making decisions about water quantity and deciding on the level and pace of water quality.

4.2 Relief sought:

Retain the following:

- a) Proposed changes to the Preamble, Objective A2, Objective B1 and Policy CA2 with respect to the consideration of economic well-being.

5 TE MANA O TE WAI

5.1 Comment

The concept of Te Mana o Te Wai was introduced to the NPS FM in 2014, however its meaning and effect when implementing the NPS FM has remained unclear. The Government, in its Clean Water document and within the proposed amendments to the NPS FM, has proposed a suite of changes to the NPS FM to clarify what Te Mana o Te Wai means and how to implement it. KCE generally supports the proposed changes in this regard. In particular, KCE supports:

- a) Proposed changes to the Preamble, page 4, which insert the following words:
"Te Mana o te Wai is an integral part of the framework that forms the platform for community discussions about the desired state of fresh water relative to the current state";
- b) Proposed new section on page 8 titled "National significance of fresh water and Te Mana o te Wai"; and
- c) Proposed new Objective AAA1 and Policy AAA1 on page 11.

While generally supportive of the concept of Te Mana o Te Wai, KCE notes that it does have some concerns with the proposed changes to Policy CA2 however. The proposed changes to Policy CA2 include the following:

"By every regional council, following discussion with communities, including tāngata whenua, applying the following processes in developing freshwater objectives for all freshwater management units:"

KCE considers that this implies discussions with communities and tangata whenua come before applying the process steps in the National Objectives Framework and the associated considerations. The Company believes that in order to honour the concept of Te Mana o Te Wai, discussion with communities, including tangata whenua, should occur 'throughout' the process steps listed in Policy CA2.

Accordingly, KCE requests that "following" be changed to "through" within in Policy CA2 as set out below:

"By every regional council, following through discussion with communities, including tāngata whenua, applying the following processes in developing freshwater objectives for all freshwater management units:"

5.2 Relief sought:

Retain the following:

- a) Proposed changes to the Preamble relating to Te Mana o Te Wai on page 4 of the NPS FM;

- b) Proposed new section on page 8 of the NPSFM titled "National significance of fresh water and Te Mana o te Wai";
- c) Proposed new Objective AAA1 and Policy AAA1 on page 11 of the NPS FM; and

Amend the following:

- d) Policy CA2 as follows, or words of similar effect:

"By every regional council, ~~following~~ through discussion with communities, including tāngata whenua, applying the following processes in developing freshwater objectives for all freshwater management units:"

6 MAINTAIN OR IMPROVE OVERALL WATER QUALITY

6.1 Comment

To date, the NPS FM has required regional councils to 'maintain or improve overall water quality' across their region. The Government notes in its Clean Water document that this *"provides regional councils and their communities some flexibility when establishing freshwater objectives in their regions"*. The Government does not suggest that this flexibility needs to be removed; rather they define the issue as *"it is currently unclear how regional councils can demonstrate that water quality will be at least maintained"*.

The Government has proposed changes to the preamble and a new component of Policy CA2 to address this issue.

KCE supports these proposed changes. However, KCE is concerned about how lag effects in groundwater quality will be accommodated if they effect surface water. For example, in parts of Canterbury the movement of nitrogen in groundwater down catchment can take some years. It is possible that landowners can significantly improve their practices and reduce their nitrogen losses, while the concentration of total nitrogen in waterbodies can continue to increase due to historic nitrogen losses making their way through the groundwater system. KCE therefore requests specific clarification within the NPS FM as to how lag effects are to be recognised and dealt with, in accordance with the proposed changes.

6.2 Relief sought:

Retain the following:

- a) Proposed changes to the Preamble relating to maintaining overall freshwater quality on page 4 of the NPSFM;
- b) Proposed new Policy CA2 (e) (iia).

Provide further clarification on the following:

- c) How lag effects are to be recognised and dealt with through the proposed changes to the NPS FM.

7 MONITORING MACROINVERTEBRATES

The Government notes that monitoring macroinvertebrates is a useful means to assess quality trends in freshwater ecosystems and proposes to require regional councils to monitor macroinvertebrates as part of the assessment of the national value of ecosystem health. Where monitoring indicates that the freshwater objectives are not being met, councils would be required to establish methods to respond to such results.

The Government has proposed amending Policy CB1 to require councils to establish methods for monitoring the extent to which the values identified under the National Objectives Framework are being provided for in each Freshwater Management Unit ('**FMU**'). These methods must include (amongst other matters) "the monitoring of macroinvertebrate

communities"; methods "for responding to monitoring that indicates freshwater objectives will not be met"; and information gathered must be "available to the public, regularly and in a suitable form".

KCE agrees that macroinvertebrate communities are a useful indicator of the ecological health of waterways. KCE is aware that there are a number of different methods available to monitor macroinvertebrate communities, each with different advantages in different situations. KCE understands that the Macroinvertebrate Community Index ('MCI') has its place in watercourses with hard substrates, while there is also a soft-bottomed watercourse MCI method available, along with the Quantitative MCI ('QMCI') and Semi-Quantitative MCI ('SQMCI') methods. While the results of the various methods will often not be comparable, the value exists in the trends any one method may illustrate over time. As such, the Company supports the Government encouraging such monitoring while not specifying the method, nor setting macroinvertebrate community scores as an attribute in Appendix 2.

Further to this, it is noted that when monitoring macroinvertebrate communities, the waterbody must be wadeable, which means that it must be possible for someone to wade into a waterbody and gather necessary data. Deep and swift flowing waterbodies (such as water races or drains) can prevent sampling. KCE requests that this limitation be reflected in Policy CB1(aa)(ii).

7.1 Relief sought:

Amend new Policy CB1(aa)(ii) as follows:

- a) aa) *establishes methods for monitoring the extent to which the values identified under Part CA2(b) are being provided for in a freshwater management unit. These methods must at least include:*
 - i. *E.coli exceedances over time as specified in Appendix 5;*
 - ii. *the monitoring of macroinvertebrate communities in wadeable waterbodies;*
 - iii. *measures of the health of indigenous flora and fauna;*
 - iv. *information obtained under Policy CB1(a) and Policy CC1; and*
 - v. *Mātauranga Māori;*

8 THE EFFECT OF NATIONAL BOTTOM LINES ON INFRASTRUCTURE

8.1 Comment

Currently regional councils can consider setting freshwater objectives below compulsory national bottom lines if current water quality is also below the national bottom line, and if this is caused by either naturally occurring processes or infrastructure listed in Appendix 3 of the NPS FM. Appendix 3 is currently empty and the Government has stated that they do not propose populating it at this stage. However, the Government is proposing to clarify that, with respect to significant infrastructure, regional councils can only set freshwater objectives below national bottom lines for attributes that are currently below national bottom lines; and only in the physical area where the infrastructure contributes to the degraded water quality; and only when it is reasonably necessary for the continued operation of the infrastructure.

The proposed changes clarify and narrow the potential for infrastructure related exceptions to achieving the national bottom lines, however they provide clarification as to when exceptions to national bottom lines may be allowed. KCE supports the provision of additional clarification, however the Company considers that it is not acceptable for Appendix 3 to be empty at the time that the bottom lines take effect. In this respect, KCE considers that Appendix 3 should be populated as part of this NPS FM development process. The Company does not believe that infrastructure owners / operators should need to wait on further changes to the NPS FM before Appendix 3 is populated.

8.2 Relief sought

Retain the following:

- a) The proposed clarification provided with respect national bottom lines, such as that proposed within Policy CA3.

Amend the following:

- b) Populate Appendix 3, with respect to significant infrastructure, as part of this process.

9 MATAURANGA MAORI

9.1 Comment

Proposed changes to Policy CB1 include adding Mataranga Maori (amongst other matters) to the monitoring methods that must be adopted by regional councils (i.e. new Policy CB1(aa)(v)). Mataranga Maori is not defined in the NPS FM and there is no guidance provided on its application.

Landcare research note that Mataranga Maori is "*the knowledge, comprehension, or understanding of everything visible and invisible existing in the universe*", and is often used synonymously with wisdom.² The online Maori Dictionary defines Mataranga Maori as "*the body of knowledge originating from Māori ancestors, including the Māori world view and perspectives, Māori creativity and cultural practices*"³.

These concepts are broad and there is no guidance for regional councils in the NPS FM on how these should be applied when developing monitoring methods.

KCE supports the inclusion of Mataranga Maori in monitoring methods in principle, however also seeks greater clarification with respect to what the Government expects of regional councils in this regard. Greater clarity is necessary to ensure that the purpose of the policy is achieved both effectively and efficiently.

9.2 Relief sought

Retain the following:

- a) Provision for Mataranga Maori being included in monitoring methods that must be established, so long as guidance or clarification is provided in Policy CB1, or elsewhere, regarding the key components of Mataranga Maori that are applicable to freshwater management, and how the Government expects to see these reflected in monitoring methods.

² <http://www.landcareresearch.co.nz/about/sustainability/voices/mataranga-maori/what-is-mataranga-maori>

³ <http://maoridictionary.co.nz>