

Evidence of Daniel Druce for Contact Energy Limited

Queenstown Lakes Proposed District Plan (Stage One)

Introduction

My name is Daniel Matthew Ishtar Druce. I have been employed by Contact Energy Limited (“Contact”) as an Environmental Advisor based at the Clyde Dam since February 2006.

I have seventeen years’ experience in resource management with specific expertise in marine fisheries management and water management. I hold a Master’s degree in Science from Canterbury University and am a member of the New Zealand Resource Management Law Association (NZRMLA).

My role at Contact includes responsibility for managing Contact’s resource consents and environmental responsibilities including compliance, reporting and sourcing of required permissions. In particular I have managed a broad range of issues for Contact concerning water, landscape, and other resource management issues relating to hydro generation, including both regional and district planning issues. This has involved regular liaison with stakeholders such as Kai Tahu Ki Otago, Fish and Game Otago, the Otago Regional Council, Central Otago District Council, Clutha District Council and the Queenstown Lakes District Council.

About Contact

Contact is one of New Zealand’s leading energy generators and retailers, providing electricity, natural gas and LPG to around 570,000 customers nationwide. We generate around 23 per cent of New Zealand’s electricity.

In the Otago Region, Contact owns and operates two nationally significant hydro-electric power stations at Clyde and Roxburgh as well as the Hawea Dam and Control Gates structure at Lake Hawea. The three facilities are operated in a coordinated manner to respond to New Zealand’s short and medium term electricity generation requirements.

The Hawea Dam is situated within the Queenstown Lakes District. The Hawea Dam is an earth dam built in the late 1950s to provide additional water storage within Lake Hawea for the Roxburgh Power Station (and later the Clyde Power Station). This resulted in a lake level increase of about 15m and greatly enhanced the storage, flexibility and resilience of hydro generation on the Clutha River.

Outflow from Lake Hawea into the Hawea River is physically controlled by the Hawea Dam and, within strict resource consent limits. Water can be released by Contact for the downstream generation of electricity when demand is high or catchment inflows are low. The stored water in Lake Hawea is therefore significant for the efficient operation of Contact’s assets at Clyde and Roxburgh and for the production of renewable electricity at a national level.

Contact's operations at Lake Hawea are currently zoned within a Special Zone known as the Hydro Generation Zone. This Zone provides for the sustainable management of hydro generation activities such as at Lake Hawea, and has worked well from Contact's perspective.

Contact's hydro generation activities in the Queenstown Lakes District and the planning framework establishing the Hydro Generation Zone in the operative District Plan are of significant importance to Contact.

Summary of Submission

Contact is pleased to be able to submit on Queenstown Lakes Proposed District Plan (Stage One) and generally supports retaining Stage One of the Proposed Plan but for the specific changes described in our written submission and outlined here.

Contact is acutely aware that Stage One of the Review does not include the Hydro Generation Zone provisions. While Contact will analyse and submit on the Hydro Generation Zone in the Second Stage of the District Plan Review, its comments on Stage One predominately reflect Contact's interest in the Landscape Chapter.

Stage One and Stage Two

Council's s42A report¹ notes that the proposed District Plan, Landscape Chapter and s32 report has purposefully been silent on the Hydro Generation Zone.

As a result we have no real insight yet into the Proposed Plan's approach to the Hydro Generation Zone. While the Hydro Generation Zone currently provides adequate recognition and a reasonable RMA framework for hydro generation activity, Contact has no way of knowing whether this is to continue or whether the Stage Two review will impact on our activities.

While statements within the s42A report provide Contact with some confidence, we remain vulnerable to Stage Two decisions regarding the Hydro Generation Zone. The new policy we are seeking under Objective 6.3.6, and the amendments to rule 6.4.1.3 and to policy 6.3.4.4, go some way to addressing that uncertainty and will promote a consistent framework across Stages One and Two, as I will now explain.

¹ Queenstown Lakes District Council, 19 February 2016. "Section 42A Hearing Report", Chapter 6 Landscapes,

New Policy under Objective 6.3.6

Objective 6.3.6 is to:

“Protect, maintain or enhance the landscape quality, character and visual amenity provided by the lakes and rivers and their margins from the adverse effects of structures and activities.”

Contact considers that the Proposed Plan should recognise that large scale hydro generation, a long standing and ongoing activity in the District, has an impact on landscape values. The landscape quality, character and visual amenity of affected water bodies and their surrounds is susceptible to change on a daily or seasonal basis, including from the artificial raising and lowering of lake and river levels; fluctuations in the visibility of exposed lake and river beds; and, at high lake levels, erosion and change of lake shores. In our opinion, the reality of these changes should be recognised and provided for in the proposed District Plan.

Contact has therefore requested that a new Policy be inserted under Objective 6.3.6 as follows:

“Recognise that existing electricity generation facilities and structures may cause changes in landscape quality, character and visual amenity on a day to day, seasonal or long term basis.”

The need for the Plan to reflect this issue is well established. During the 2008 ‘electricity crises’ the level of Lake Hawea had to be kept at historically low (but consented) limits for over two months. At that time I was working with the local Hawea Community Association which consistently expressed concern with the Lake’s levels and the resulting effect on landscape including significant areas of exposed Lake bed. Such concerns remain, and it is important that Council, Contact and interested parties have some RMA guidance on this issue.

It is also worth noting that Contact’s operating consents granted by the Regional Council also have a component devoted towards mitigating ongoing effects on landscape and amenity around Lake Hawea.

The s42A report recommends that the proposed new policy be rejected on the grounds that the effects of fluctuating lake levels and structures are already established, and the limitations are governed by Otago Regional Council consents, or are contemplated by the operative District Plan’s Hydro Generation Zone.

Contact’s view is that the proposed new Policy addresses an important landscape issue. Adopting it (or words to a similar effect) will help to establish and recognise that existing large scale hydro generation has an impact on landscape quality, character and visual amenity and help ensure that such effects are recognised and provided for by the Plan.

Amendment to Rule 6.4.1.3

In its submission Contact has requested amending rule 6.4.1.3 to exclude specifically zoned and defined Hydro Generation Activities from being subject to the general landscape categories. Under that approach, any other activity not fitting the definition of “Hydro Generation Activities” and requiring a resource consent would be subject to the full assessment of the proposed District Plan and in particular the rule framework assessment matters for the Rural Zone and the objectives and policies of the Landscape Chapter.

Such a change is consistent with the treatment of other specifically zoned and managed activities, such as Ski Area Activities within the Ski Area Sub Zones.

As well as being an appropriate amendment in its own right, changing rule 6.4.1.3 in this way will provide Contact with comfort on this issue in the event that the rules relating to the Hydro Generation Zone are altered unfavourably during Stage 2 deliberations.

A proposed amendment to rule 6.4.1.3 is set out below:

6.4.1.3 The landscape categories do not apply to the following within the Rural Zones:

- a. Ski Area Activities within the Ski Area Sub Zones.*
- b. Hydro Generation Activities within the Hydro Generation Zone.*
- c. The area of the Frankton Arm located to the east of the Outstanding Natural Landscape line as shown on the District Plan maps.*
- d. The Gibbston Character Zone.*
- e. The Rural Lifestyle Zone.*
- f. The Rural Residential Zone.*

Amendment to Policy 6.3.4.4

Policy 6.3.4.4 indicates that large scale renewable electricity generation or **new** mineral extraction activities are not likely to be considered compatible with the maintenance of the District’s outstanding natural landscapes.

The s42A report notes that Policy 6.3.4.4 is not intended to be applicable to Hydro Generation Activity within the Hydro Generation Zone. However, as it is currently written, the policy would apply to **all** large scale renewable electricity generation while referring only to **new** large scale mineral extraction.

Contact’s original submission was that the Policy inappropriately predetermined the outcome of a future resource consent process and we proposed it be deleted. While this is still Contact’s preferred position, we are prepared to suggest that the proposed Policy can be amended so that it only relates to ‘new’ electricity generation development. As set out below:

Policy 6.3.4.4

"The landscape character and amenity values of the Outstanding Natural Landscape are a significant intrinsic, economic and recreational resource, such that new large scale renewable electricity generation or new large scale mineral extraction development proposals including windfarm or hydro energy generation are not likely to be compatible with the Outstanding Natural Landscapes of the District."

Land Acquisition

In our Stage One submission we indicated that the extent of the Hydro Generation Zone has changed over the years and we will make a submission to that effect as part of Stage Two. As noted in the s42A report, in the period between the Operative Plan and the Proposed Plan there have also been a changes in land ownership and property rights that should be accurately reflected in the Hydro Generation Zone, including Contact not pursuing the formerly proposed Luggate Power Project.

Conclusion

Contact's electricity generation facilities in the Queenstown Lakes District and the planning framework around the current Hydro Generation Zone are highly significant to Contact and, ultimately, to New Zealand's future electricity generation needs.

While the Hydro Generation Zone in its current operative form recognises and provides for Contact's operations, we currently have no way of knowing whether this is to continue or whether the Stage Two review will affect the current framework. The reasonably minor amendments to discrete parts of Chapter 6 that we have suggested will help provide assurance that:

- (a) the Plan recognises that existing electricity generation facilities and structures can cause significant changes in landscape quality, character and visual amenity on a day to day, or seasonal basis; and
- (b) within the Hydro Generation Zone, existing Hydro Generation Activities should not be subject to the general landscape categories.

Daniel Druce
Environmental Advisor
Contact Energy Limited

