

IN THE MATTER of the Resource Management Act 1991

AND

IN THE MATTER of submissions by King Country Energy Limited on the Proposed One Plan notified by the Manawatu Wanganui Regional Council

STATEMENT OF EVIDENCE OF WILLIAM JAMES ARMSTRONG

Introduction

1. My name is William James Armstrong. I am the Environmental Manager for Todd Energy Ltd (**'Todd'**). I have a BSc Hons in Geology (Cantab) and an MSc Hydrobiology (London). I have over 30 years of experience in water management in New Zealand including 23 years as a consultant. I have appeared as an expert witness at water management-related hearings throughout the country, including at council consent hearings and at subsequent Environment Court appeal hearings.
2. I have occupied the position of Environmental Manager at Todd for the past 3 years. Prior to taking up this position I was Science Group Manager in the Wellington office of international environmental consulting firm MWH.
3. My responsibilities at Todd include the consenting of existing and proposed hydro-electric power schemes and the ongoing management of compliance issues.
4. I have read the Proposed Horizons One Plan (the **'Proposed Plan'**).
5. I have read Mr. Schumacher's submission, which provides planning evidence in support of Todd concerns, including those identified below. Todd and King Country Energy (**'KCE'**) commissioned Ryder Consulting Ltd to provide evidence on key aspects of the Proposed Plan in support of the submissions lodged by KCE and Meridian Energy Limited.
6. I have in attendance with me Mr. Paul Robinson, the Supervisor of the Mangahao Power Station who will be able to answer any questions the Committee may have in relation to operation of the Mangahao Power Scheme.

Scope of evidence

7. My evidence is brief and aimed at providing a context for Mr. Schumacher's evidence. It:
 - Identifies Todd's interest in the Proposed Plan.
 - Outlines the general nature of our concerns with the content of the Plan to the extent that these concerns relate to support for the submissions of KCE.

Todd Energy's interest in Proposed Plan

8. Todd is a privately owned New Zealand company. It is New Zealand's largest domestically-owned energy business and the second largest contributor to the country's energy supply. Todd has diversified interests in oil and gas exploration/production, natural gas and LPG wholesale and retail, electricity generation (gas co-generations and renewables) and retail
9. Todd owns and operates, or has interests in, several hydroelectric power stations In New Zealand.
10. Todd owns 50% of the 39 MW Mangahao Hydroelectric Power Scheme ('MHEPS'), located on the Mangahao River near Shannon. The other 50% of the Scheme is owned by KCE. Todd has a 35% shareholding in KCE.
11. The Mangahao Scheme produces 136 GWh/year, 126 GWh/ year is produced by three machines housed in the original power station (commissioned in 1924) and this is complemented by an additional 10 GWh/year produced by the mini-hydro station, completed in 2004, that utilises water previously spilled between the No 1 and No 2 storage dams. The total catchment area of the scheme is 86 square kilometres in an area of high annual rainfall, which on average exceeds 3,700 millimetres. Water stored in the reservoirs formed by the two dams on the Mangahao River is brought by a 1.6km long tunnel to the third reservoir on the Tokomaru stream and then to the surge chamber via a 2.1km tunnel.
12. Todd (through its 100% owned subsidiary Bay of Plenty Electricity) is the operator of the Mangahao Scheme.
13. A schematic layout of the Mangahao Scheme is attached for information.
14. Todd's interest in the Proposed Plan is to ensure that any new objectives, policies or rules adopted by Horizons do not compromise the future operation or viability of the Mangahao Scheme.

Todd's concerns with content of Proposed Plan

15. Todd has some general concerns about the wisdom of proceeding with the processing of the Proposed Plan given that the Government has signaled its intention of introducing some potentially radical reforms to the way in which water is managed in New Zealand. We also have concerns about what we see as significant non-alignment, if not a total disconnect in some areas, between the

approach adopted in the Proposed Plan and Government policy in areas such as renewable energy, climate change, infrastructure maintenance and development and sustainable economic development.

16. The concerns that Todd has about the Proposed Plan generally relate to the protection and economic viability of Todd's existing assets within the Manawatu Wanganui Region. They relate specifically to water allocation, the significance of hydroelectric power generation schemes and the provision for such schemes and their continued operation in the objectives, policies and rules of the Proposed Plan. The evidence of Mr. Schumacher will provide recommendations on the proposed provisions that have the potential to affect Todd's future operations.

17. I am happy to answer any questions concerning my evidence and, as noted above, Mr. Robinson is available to answer questions about the Mangahao Hydro Scheme. Todd would like to thank the Hearing panel for the opportunity to present its evidence.

Bill Armstrong
19th October 2009

Annexure 1: Schematic Diagram of Mangahao Hydroelectric Power Generation Scheme

