

A Trustpower staff member conducting generator brush maintenance during the 2018 power station annual maintenance

CEO UPDATE

With the 2017/18 irrigation season now formally finished and winter now well and truly sinking its teeth into the region, we are starting to focus on what needs to be up and in place for the next irrigation season. For Craig and his team, this means winter maintenance of the irrigation assets to ensure they are ready to go for next season. Presently there is no major maintenance work forecast for the schemes, just good solid preventative maintenance routines. Likewise the power station has just come through its annual week long maintenance period with no major surprises which is pleasing.

In mid-April this year, Irrigation NZ held their biennial conference in Alexandra. It was a very well run event with quality speakers that brought good diversity and challenging thinking to the table over the two days. Technology certainly came through as a strong theme throughout the conference. This aspect fits well with some of our current strategic planning, where we are reviewing how we can leverage technology to achieve the best effect for a reasonable cost. Craig and I also had the pleasure of doing a scheme visit over the Manuhēria irrigation scheme. We were very warmly hosted by the scheme's two race-men and it was great to see their infrastructure, especially aspects which had some significant age about them.

On the following page you will see the present capacity of the lake. We are at approx. 84% full; we will be managing the lake level as best we can over the winter months, along with monitoring the snow pack in our catchment. So far the snow level is sitting just above the 75th percentile for this time of year which is good also. Hopefully we continue to get snow stored on the mountains and maintain an acceptable lake level to put us in a good position going into the 2018/19 season.

HEALTHY CATCHMENTS PROJECT (HCP)

We have talked about the Healthy Catchments Project ("HCP") before, but to briefly recap, the HCP entails the Orari-Temuka-Opihi-Pareora (OTOP) Zone Committee ("ZC") drafting a ZIP Addendum ("ZIPA") of recommendations to inform the OTOP Sub-Regional Plan.

The ZIPA will include recommendations on:

- ⇒ Flow regime of the Opihi main stem (min flow requirements at SYB, artificial freshes, restriction regime etc)
- ⇒ Flow and allocation regimes for the tributaries
- ⇒ Nutrient Management Provisions

Importantly it will guide the conditions under which OWL and shareholder consents are reviewed/renewed. Over the last couple of years, OWL has been actively working in four key workstreams related to the HCP:

- Flow and Allocation Working Party: A group of 'above dam' shareholders, Fish and Game, TDC, and technical experts who have worked together to devise a flow and allocation regime for the Opihi tributaries that meets both economic and environmental outcomes
- Adaptive Management Working Group: A group made up largely of OEFRAG members, to develop an adaptive flow regime for the Opihi River, through the management of the Opuha Dam.
- Upper Opihi-Opuha Catchment Group: Landowners in the Upper Opihi-Opuha catchment who wish to have their say in how water and nutrients are managed in their 'patch'.
- OWL specific provisions: Engaging with ECan and other technical experts around other likely provisions of the plan.

In December 2017, the ZC released their draft ZIPA for feedback, with a consultation period that ran through to early March. OWL facilitated the drafting of this feedback for each of the four key workstreams above, which was a mammoth task for all involved. Since this date, the Flow and Allocation Group, in particular, have been working very hard to come up with a flow and allocation regime everyone is happy with, and further feedback was submitted by the group to the ZC in early May.

We have had some significant concerns regarding the consultative process, particularly related to the flow and allocation workstream where we have seen a major shortcomings in the economic analysis, a lack of ecological information at low flows and a lack of social assessment. OWL have made these concerns clear and are working to address these with ECan and OTOP ZC, where a positive and constructive relationship is being fostered.

With Julia being on maternity leave, Andrew has been very ably assisted by George Hamilton (legal advisor) and Haidee McCabe (Irricon), along with technical input from Dick de Joux and Greg Ryder.

We anticipate that the ZIPA will be finalised in early October, with the notification of the OTOP Sub-Regional plan due in mid-2019. The Hearing dates are still to be confirmed but are likely to be late in 2019. This is very much a marathon, rather than a sprint, and OWL will continue to engage in the process to seek the best outcomes for both the scheme and shareholders. We will continue to keep you updated as the process develops.

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Shares - Buy/Sell/Lease

Available to Lease

5 Water shares and 5 "L"
Infrastructure shares available to lease (would prefer long-term)

Wanted to Lease

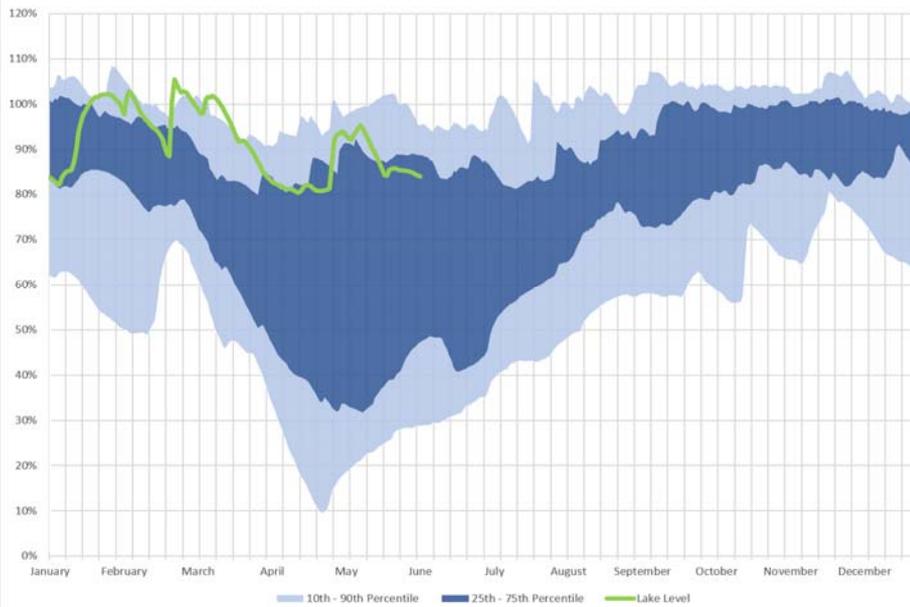
20 Water shares long-term

Wanted to Buy

3 Water shares with 3 "L"
Infrastructure shares

Please contact Christine at the Opuha office on 03 614 7801 for more details

Opuha Lake Level 2018



SCHEME MEETINGS

Levels Plain, Kakahu and Totara Valley Irrigation Scheme meetings were held during the middle of May.

These meetings provided OWL an opportunity to cover off on water and snow storage, completed works throughout the schemes, future works and budgets, along with what is happening in the environmental space within the company. The meetings also allowed the infrastructure group shareholders to voice any concerns or questions around the scheme or company as a whole. The discussions have proved to be very beneficial from our point of view. A brief overview on what was covered in these meetings will be sent out to scheme shareholders for those who could not attend.

Lake Opuha - 10 Apr 2018



2018/19 WATER CHARGES

We have completed the 2018/19 budgeting process and are pleased to advise that for the seventh consecutive year, the water charge will remain at \$197.04 per share (ha) for the 2018/19 season. We will elaborate further on the long-term forecast for water charges at the AGM (scheduled for November 2018).

FEP AUDIT PROGRAMME

FEP updates and Audits are continuing with those who have their landuse consents, and those who will not require consent until PC5 becomes operative. ECan has advised OWL that shareholders yet to submit a landuse consent application can expect to receive a warning letter soon as all deadlines have long passed.

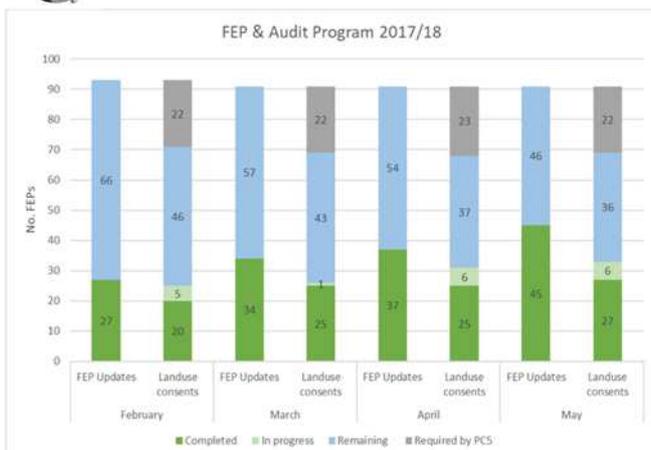
- If you are still on a waiting list for nutrient budget work - get an accurate estimate of when the work will be completed and seek another provider if this is not in 1-2 months
- If you have completed your nutrient baseline - submit your application ASAP
- If you are still unsure of your requirements, please contact Lucy by email (lucy@opuha.co.nz) or phone 027 696 1742.



Congratulations to the 6 shareholders who have achieved 'A' grades in their Audits so far, it shows A's are attainable and something everyone can strive for!

MYCOPLASMA BOVIS

With the recent nationwide attention on Mycoplasma Bovis, OWL is ensuring we are doing everything we can to ensure our operations do not increase any risk to farmers whose properties we operate on. While according to MPI, vehicles pose little risk in the spreading of the disease, as a company we are taking steps to ensure we minimise any risk through on farm works. All property owners will be contacted prior to OWL staff or its contractors entering or working on a property, to ensure we comply with individual on farm biosecurity policies. All operational vehicles are being kept as clean as practicably possible, and all have disinfectant kits available. If there are any concerns around OWL operations on your property, please contact Craig via email (craig@opuha.co.nz) or phone 027 460 9721.



Audit Grades 2017/18

