

 Report
 PE06.167

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# Wind farm development: commercial issues update

#### 1. Purpose

To update the Committee about the process of selecting a wind farm developer for the Puketiro site and outline some aspects of a possible Wairarapa wind farm site.

## 2. Significance of the decision

The matters for decision in this report do not trigger the significance policy of the Council or otherwise trigger section 76(3)(b) of the *Local Government Act 2002*.

# 3. Exclusion of the public

Grounds for exclusion of the public under section 48(1) of the Local Government Official Information and Meetings Act 1987 are:

That the public conduct of the whole or relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist, i.e. commercial negotiations.

#### 4. Background

Report PE05.652 was considered at the Policy, Finance and Strategy Committee at its meeting in December 2005. The report indicated that the first stage in selecting a wind farm developer for the Puketiro site involved issuing an expression of interest document. Report 05.651, considered at the same meeting as report PE05.652, authorised the process to find a wind energy developer to be approved by the Council. Advertisements were placed in February with a closing date of 31 March 2006.

#### 5. Puketiro expression of interest evaluation process

Ten expressions of interest (EOI) were received. Seven of these are from New Zealand companies, two from Australia with parent companies in Europe and one is a joint venture of Australian and New Zealand companies.

The proposals were evaluated by the writer, assisted by an experienced GWRC project manager and a financial advisor from PricewaterhouseCoopers, and ranked in order of acceptability.

It was mentioned in the EOI document that the maximum number of companies invited to proceed to the tendering stage would be seven, unless the  $7^{th}$  and  $8^{th}$  rankings were close.

There is a significant gap between the 7<sup>th</sup> and 8<sup>th</sup> companies so it is only proposed to invite seven companies to tender, five from New Zealand and two from Australia.

The cost of preparing an individual tender is believed to be in the \$50,000 to \$100,000 range.

# 6. Puketiro neighbouring property owners

It was mentioned in the report PE05.652 that the possibility of neighbouring property owners joining with the Council for a larger scale wind farm development was being investigated. Agreement has been reached with one property owner who owns a small parcel of land. Agreement has not been possible with the two other landowners, essentially because vital information is required from the wind farm developer. The way is being left open for the developer selected by the Council to approach the landowners at a later date.

#### 7. Site access

Good progress is being made on obtaining access to the Puketiro site across private land from the Paekakariki Hill Road. The draft agreement is with the landowner's solicitors at present, it is styled as an option the Council can exercise.

#### 8. Transit land

It was also mentioned in report PE05.652 that Transit New Zealand (Transit) owns land adjacent to the western ridge at Puketiro. It would be beneficial, but not essential, if a narrow strip of Transit land could be added to the Council land. Transit recently indicated it may require a small area of Council land near the top of the Wainui Hill for the Transmission Gully motorway. This land is currently part of a future water collection area. Hence, a land swap would appear to be advantageous. This possibility is being investigated.

### 9. Issuing Puketiro tender documents

It is expected tender documents for the Puketiro wind farm development will be completed in late May of the first half of June, depending on how long it takes to complete the private access agreement. A tender period of about three months in envisaged.

### 10. Wairarapa potential wind farm site

As part of my inspection of the Wairarapa reserve forests, which now comes under the Water Supply, Parks and Forests division, it was noted two ridges at Stoney Creek may be suitable for a wind farm.

The site is a continuation of the same area that contains Genesis Energy's wind farm. Genesis Energy completed the expansion of their wind farm just over a year ago.

Stoney Creek farm was purchased by the Council in the late 1980s and the land has been retired in order to stabilise many of the slips. Plantation forestry and other measures are succeeding in achieving this. Not unexpectedly, the *pinus radiata* trees on some of the ridges are very stunted in their growth because of the wind.

It should be possible to position wind turbines on the ridges with no more than a very minor impact on the conservation work. This impact will be negated by the continuing growth of the trees remaining on the lower slopes.

While there has been success with plantation forestry in the Wairarapa, the financial situation is precarious with the debt of \$9.60M nearly exceeding the tree value of \$9.90M. Potential revenue from a wind farm will not solve this problem but it will assist.

# 11. Stoney Creek wind farm investigations

The initial step, if a development might proceed, is to carry out some investigations. This would involve discussions with a neighbouring landowner, informal preliminary discussions with South Wairarapa District Council and consulting with one or more power companies who may be interested in being the developer.

Because the site is adjacent to a proven wind farm, there is no need for the Council to carry out wind recording. Initial investigations would only involve GW staff time.

Following the initial investigations, a report would be submitted to the Council's Policy, Finance and Strategy Committee.

### 12. Communications

It was indicated in the Puketiro EOI document that the names of those who are selected to tender would be made public. A media release can be made when the tender documents are issued.

## 13. Recommendations

That the Committee:

- 1. **Receives** the report.
- 2. Notes its contents.
- 3. Notes that the tender documents will be issued to seven companies for the *Puketiro wind farm development in about 4-6 weeks.*
- 3. Approves preliminary investigations into a possible wind farm at Stoney Creek, with a report to be prepared for the Policy, Finance and Strategy Committee.

