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14 September, 2015.

Mr Rodger Griffiths
General Manager – Assets and Engineering Services,
Westpower Ltd/ElectroNet Services Ltd.

RGriffiths@electronet.co.nz

Dear Rodger,

I have reviewed the draft report entitled 'Response to the Department of Conservation – The New Zealand Electricity Industry and Market', prepared for Westpower Ltd by Asset Rock Ltd and dated September, 2015 (the Asset Rock report).

The report provides:

- An overview of the New Zealand electricity industry and electricity market;
- An outline of the government's energy strategy and renewal energy targets and explains how the proposed Waitaha Hydro Scheme will contribute to this strategy;
- A review of electricity demand and generation scenarios utilising the most recently available information and data (including the recently renegotiated contractual arrangements between New Zealand Aluminium Smelters Ltd and Meridian and announcements relating to the planned closure of existing thermal generation capacity);
- A comparison of the Waitaha Hydro Scheme's long run marginal costs with those for other potential new electricity generation schemes elsewhere in New Zealand;
- Commentary on the relative attractiveness of investment in small rather than large increments in new generation capacity; and
- An explanation of the relationship between transmission losses and nodal pricing and the additional value of local generation on the West Coast because of the region's distance from the sources of generation delivered via the national grid.

I agree with the findings of the Asset Rock report, which provides further substantiation of a number of the economic benefits from the Waitaha Hydro Scheme that were identified in my report 'Assessment of Economic Effects of the Proposed Waitaha River Hydro Scheme', dated 31 March 2014, including:

- More competitive wholesale prices for electricity supplied to the Westpower supply area and the upper South Island;
- A reduction of transmission losses and an improvement in security of supply for local West Coast residents and businesses; and
- A reduction in New Zealand climate change liabilities.

I note also that the proposed Waitaha Hydro Scheme's construction will lead to increased levels of expenditure, employment and incomes in the Westland District and the West Coast economies.

Yours sincerely

A handwritten signature in blue ink, appearing to be 'M C Copeland', written over the 'Yours sincerely' text.

M C Copeland