Rachael Clarke
West Coast Regional Council
State Highway 6
Charleston, 7865

By email 18/11/2019

Dear Rachael,

Application to extend the lapse dates for the resource consents for the Stockton Plateau Hydro Scheme: WCRC resource consents RC08149/1-42

In respect of resource consents RC08149/1-42 and in accordance with Section 125(1A)(b) of the Resource Management Act 1991, Hydro Developments (2013) Ltd (HDL) hereby applies for extensions of the consents' lapsing dates. A similar application has been lodged with BDC for associated resource consents RC08/131 A-G.

The suite of WCRC and BDC consents relate to the construction, operation, and maintenance of the proposed Stockton Plateau Hydro Scheme (SPHS). The AEE, Decision and Conditions of Consent for the SPHS are attached.

Condition 3.1 of the General Conditions for WCRC and BDC consents states that "the consents shall lapse on the expiry of ten years after the date of issue of the consents". The dates of commencement of the consents vary from July 2010 to December 2010 as detailed below:

WCRC Consents
RC08149/1 (Coastal permit, occupation of CMA): 29 October 2010
RC08149/2 (Coastal permit, ocean outfall structure): 23 December 2010
RC08149/3 - RC08149/8 (Coastal permit for ocean outfall construction, operation and maintenance): 29 October 2010
RC08149/9 (Land use consent for exploration drilling): 26 July 2010
RC08149/10 - RC08149/20 (Land use consents for construction of the diversions and reservoirs): 29 October 2010
RC08149/21 (Water permit to take and use water for exploratory drilling): 26 July 2010
RC08149/22 - RC08140/40 (Water permits to take, use and discharge water for construction and operation of the scheme): 29 October 2010
RC08149/41(Discharge permit – Land for water from drilling rig): 26 July 2010
RC08149/42(Discharge permit – Air for contaminants associated with construction, operation and maintenance of the scheme): 29 October 2010
Associated BDC Consents – all commence 29 October 2010
RC08/131A (Land use consent: Stockton Plateau Project infrastructure)
RC08/131B (Land use consent: Granity construction site)
RC08/131C (Land use consent: Tunneling beneath Granity)
RC08/131D (Land use consent: Hazardous substances storage)
RC08/131E (Land use consent: Realignment of Stockton Haul Road)
RC08/131F (Land use consent: Transmission spur lines, telcom cables, switchyards)
RC08/131G (Land use consent: Disturb a historic tramway)

Application is made to extend the lapsing of the consents for 6 years to coincide with the recent extension of the lapsing period of BT Mining's RC11237 ("Lower St Pat's Reservoir") and RC12073 ("Lower St Pat's Quarry (Stage 2)"), for which HDL provided affected party consent. Construction of Lower St Pat's Reservoir and the Quarry within the reservoir footprint are linked to the staged implementation of the SPHS.

Section 125(1A)(b) of the Resource Management Act 1991 requires the consent authority to take into account the following matters when considering an application to extend the period after which a consent lapses:

(i) whether substantial progress or effort has been, and continues to be, made towards giving effect to the consent; and

(ii) whether the applicant has obtained approval from persons who may be adversely affected by the granting of an extension; and

(iii) the effect of the extension on the policies and objectives of any plan or proposed plan.

Background to the project and the justification for the application to extend the current consent lapse date is presented herein.

Progress towards giving effect to the consents

The suite of consents provide for the collection of an historic legacy of acid mine drainage (AMD) from open cast and underground coal working on Stockon Plateau, dilution of AMD within reservoirs and diversion of the diluted runoff to an ocean outfall. The consents provide for:

- Geotechnical investigations and access roads for construction
- A dam and reservoir on St Patrick's Stream (Mt William Reservoir)
- A dam and reservoir on Weka Stream (Weka Reservoir)
- Vegetation clearance within the reservoirs' areas of inundation (totalling ~ 110 hectares)
- Diversion tunnels and canals diverting all AMD to the reservoirs and interconnecting the reservoirs
- Diverion tunnel to an ocean outfall
- Two power stations within the diversion tunnels, one at the head of Weka Reservoir and one at Granity at the head of the ocean outfall
- Earthworks including work within riparian margins of surface water courses for the construction of reservoirs and diversions
- Disturbance of the foreshore and seabed to construct the ocean outfall
- Operation and use of the reservoirs and linked power stations
- Power line upgrades

The SPHS is designed to address the water management and rehabilitation needs of the mine operator BT Mining (previously Solid Energy) and the Crown. Participation of a generator will optimise the scheme by offsetting costs against power revenue. Alignment of the interests of the miner, Crown and generator has been the principal cause of delay in implementing the project and the principal reason why an extension to the lapsing period is sought. Progress towards giving effect to RC08149 is summarised below.

- Over the period Jan 2010 to December 2012 due diligence was undertaken by a number of generators and network owners (Todd Energy, Genesis, Meridian, Tasman Networks,

Westpower, Mainpower) interested in a lead role in the development of the SPHS. Their interest was subject to confirmation that Soild Energy and the Crown would support the scheme as an alternative to continuing with lime dosing. At the time, Solid Energy, which also represented the Crown's historic liabilities for pre 1987 AMD, declined participation.

- In 2012 Solid Energy and HDL entered into agreements for the construction of Lower St Pat's Reservoir to treat mine affected water from mining within the Upper Waimangaroa permit area. It was agreed that the reservoir would replace HDL's consented Mt William Reservoir as the first stage of the SPHS. HDL, through its agent Geotech Ltd., was involved in the design of the reservoir and the alliance established to build the reservoir. The agreement also included access for the SPHS through Solid Energy controlled land. Solid Energy took over the land concession applications for access to the conservation estate for the SPHS, prepared by HDL, to provide access to the proposed Lower St Pat's Reservoir (a requirement of the Conservation Act for only 1 applicant). Consents RC11237 ("Lower St Pat's Reservoir") and RC12073 ("Lower St Pat's Quarry (Stage 2)") were issued to Solid Energy in 2012. The quarry concept was developed to allow extraction of granite rock to be used for the construction of dams, infrastructure and roading upgrades as part of the Lower St Pat's Reservoir. The Stage 2 Quarry footprint would result in approximately 4 hectareas of vegetation clearance and also falls within the consented footprint for the SPHS. Due to the consent overlap the vegetation clearance, mining and earthworks is deemed to form part of the existing environment. Solid Energy had expected to construct and operate the proposed Lower St Pat's reservoir within 2-3 years of the grant of the consents. Unfortunately, Solid Energy went into voluntary administration in 2015 and Solid Energy was run in a holding pattern, therefore it did not construct and commission the Lower St Pat's reservoir as planned. Although the reservoir itself was not constructed, Solid Energy did undertake considerable design and planning work with respect to the proposed reservoir (which has since been reviewed and refined by BT Mining), and undertook preliminary ancillary works associated with these consents.

- In 2014 Solid Energy proposed a review of the design and staging of the SPHS with a focus on the construction of Weka Reservoir as an alternative to new treatment sumps within the Mangatini Stream and Mine Creek catchments. A revised staging was completed within the financial and performance criteria established by Solid Energy, but was put aside in 2015 as Solid Energy went into voluntary administration. Hawkins Infrastructure came on board as the proposed developer, presenting the proposal to Ministers of the Crown who supported the proposal but deferred to the sales process for Stockton Mine. The Crown's sales agent was instructed to recommend to bidders the SPHS as an option to manage AMD liabilities, which the Crown hoped to sell with the mine. The sales process concluded in September 2017 with BT Mining purchasing Stockton Mine. As part of the settlement, the Crown accepted historic environmental liabilities prior to settlement date, with BT mining managing the rehabilitation of historic AMD under instruction from Treasury.

- In September 2017, Treasury released a Market Sounding for the "Stockton AMD Rehabilitation Project" calling for proposals for the rehabiliation of AMD. HDL submitted the SPHS as a solution. Treasury continues to work on the project as resources permit.

- In June 2018, HDL submitted an application for development funding from the Provincial Growth Fund with the support of Buller Distrcit Council. The PGF has placed the application on hold pending Treasury's decisions on the Stockton AMD Rehabilitation Project.

- Since taking ownership of Stockton Mine, BT Mining has been working through, amongst other things, onboarding of staff, introduction of new managment structures, purchase of new equipment, rationalisation of pits, review of water management structures, implementation of new health and safety systems, etc.. As part of the water management and mine planning reviews, BT has identified that both the Lower St Pat's Reservoir and Weka reservoir remain necessary components for the mine's future, specifically, enabling the treatment and discharge of mine affected waters to St Patrick's Stream and Mangatini Stream. During 2019, BT Mining and HDL have worked on revised staging of the SPHS, which is ongoing.

- Physical works on site have included the preparatory works for Lower St Pat's Reservoir and Quarry (effectively Stage 1 of the SPHS) undertaken by Solid Energy after consents were granted in 2012, as referred to above and as described in BT Mining's application to WCRC for extension of the lapsing period for the reservoir and quarry. The most substantive of these works was the 2012 upgrade and development of Fly Creek Mine Road. BT Mining has maintained this access for the benefit of future operations. In addition, the continuation of surface water monitoring to measure base flows and quality at sites 'S16' (St Patrick's Stream) and 'T31' (T31 Stream) has built on the baseline monitoring database for this area since pre-2000 and 2010 respectively. These sites are monitored by BT Mining daily and monthly respectively. A geotechnical drilling campaign was also conducted in the Lower St Pat's project area to investigate and understand the lithology associated with the proposed reservoir and quarry. On-going weed control has also ensured that areas in the proposed Lower St Pat's footprint remain open and accessible.

Approval from persons who may be adversely affected by the granting of an extension

Parties who may be affected by the granting of an extension of lapsing date are:

- BT Mining
- Department of Conservation

The parties have been provided with a copy of this application and have been asked to provide consent for the extension using the Council's consent forms. These will be forwarded to you as they are received, if not sent directly to you.

The effect of extending the lapsing period will be to provide the prinicipal stakeholders (also the affected parties) the time required to select the optimum AMD and land rehabilitation solutions for Stockton Plateau. The parties will be adversely affected if the consents lapse along with the associated environmental baseline, land exchange and concession agreements.

In practical terms the SPHS cannot be physically implemented without the active participation and support of these parties as principal stakeholders; it is unlikley they could be adversely affected by extension of the lapsing period. Specifically:

- BT mining's water management strategy is consistent with staged implementation of the components of the SPHS that are consistent with operation of the mine and the Crown's

AMD rehabilitation interests. Also, while HDL was granted access through Stockton Mine for the SPHS under a Deed of Settlement with Solid Energy, exercise of the agreement will require willing participation of BT Mining based on the benefits to the mining operation and the Crown.

- The Department of Conservation approved land exchange and concession agreements with Solid Energy for the SPHS in 2012 (to enable access for Lower St Pat's Reservoir). Further engagement with the Department will be required before agreement can be finalised for access to the estate. In addition, the SPHS will resolve rehabilitation of AMD from conservation land (outside the mining licence areas) and will ensure effective AMD management for Stockton Plateau after mining ceases and the land is returned to the Crown. Currently there is no other affordable, certain and viable pathway for rehabilitation of Stockton Plateau after ceasation of mining.

Effect of the extension on the policies and objectives of any plan or proposed plan

Section 10 of the AEE provides the Statutory Assessment of the Project against the RMA and relevant planning documents. Changes in plans, policies and objectives that have occurred since the consents were issued, and are relevant to the proposed extension of lapsing of consents for the SPHS, are discussed below.

Part 2 Resource Management Act

Section 6(h), providing for the management of significant risks from natural hazards as a matter of national importance, has been added to Part 2. The SPHS is conceived to provide a long term solution to manage acid mine drainage. The scheme will provide a physical and hydrological buffer between historic mine sites and the Ngakawau River. The effects of earthquake and extreme rainfall on waste dumps, sumps and workings may be the release of contaminants and increased acid loads. The SPHS design anticipates such events. The risks will increase after the cessation of mining when there will not be mining resources present with the incentive and resources to manage the risks. Construction of the SPHS with hydro facilities will establish the commercial entity and incentive to manage the risks of natural hazards on the Stockton Plateau.

In all other Part 2 matters, the environmental, economic and social rationale for staged implementation of the SPHS have not changed since being considered by the hearing commisioners in 2010.

The primary objective of the SPHS to avoid significantly adverse historic environmental effects has not changed. The SPHS remains a viable alternative for treatment of the historic AMD legacy. It will achieve this while creating sustainable environmental, social and economic benefits consistent with the objectives and policies of current plans. The primary effect of the proposed extension of lapsing date is to provide the key stakeholders (and affected parties) the time required to complete their assesment of the SPHS option. The SPHS' consents also establish the environmnental baseline that is relevant to RC11237 ("Lower St Pat's Reservoir") and RC12073 ("Lower St Pat's Quarry (Stage 2)") that are, in effect, the first stages of the SPHS. It is important to align the extended lapsing of these linked consents to most efficiently achieve their objectives.

The physical environment of Stockton Plateau, mining practices and the on site reduction of acidity using lime based reagents continues in 2019 using much the same processes used at

the time consents for the SPHS were issued in 2010 (within the context of changes in ownership of the mine and the historic environmental liabilities). Acid loads remain similar. Liability for rehabilitation of the acid load has been clarified with the Crown responsible for AMD generated prior to the sale of Stockton Mine to BT Mining. Apart from continuing with current treatment practices, there is currently no other long term, viable, certain and affordable solution proposed to rehabilitate AMD that is consented, can be implemented in stages that are practical, and will lead to progressive rehabilitation of a degraded environment.

Buller District Plan
The AEE provides an assessment against relevant policies and objectives of the Buller District Plan. The BDC has been carrying out a rolling review of the District Plan. Changes 115-132 which came into effect in Sept 2011 addressed the efficiency of the plan. Proposed changes 133-145 focus on objectives and policies and improve alignment of the plan with regional and national policy statements. The objectives and proposed implementation of the SPHS, as consented, is consistent with the proposed policy changes.

The New Zealand Coastal Policy Statement 2010. Replaced the New Zealand Coastal Policy Statement 1994: Relevant new policy in the NZCP includes:

Policy 3: Precautionary approach to climate change; Climate change was anticipated in the design of the outfall in terms of hydrological change, predicted storm surge, sea level rise, coastal erosion and CO2 emmissions. Increased rainfall improves dilution of AMD and power output. Storm surge and sea level rise are accomodated in the tailrace design. Sea level rise will have a positive effect as it will improve the performance of diffusers and minimise the mixing zone. The buried outfall pipeline will not be effected by coastal retreat which can be anticipated with sea level rise. The SPHS' effects on CO2 emmissions will be essentially neutral in the long term though beneficial in the short term; discharge of AMD to ocean will avoid the CO2 emmisions from land based neutralisation of acid, however, similar volumes of CO2 will eventually be released from neutralisation of AMD within the ocean (environmental effects of the alternatives are not neutral when avoidance of the risks and side effects of land based neutralisation on the terrestrial freshwater environment is taken into account).

Policy 21: Give priority to enhancing degraded water quality where significant adverse effects on values/uses: AMD will be removed from the Estuary of the Ngakawau River allowing recover of premining water quality and ecology.

Policy 23: Use smallest mixing zone necessary, minimise effects on life supporting capacity within zone; The policy objectives will be met through the Outfall Management Plan required under the conditions of consent, to be approved by WCRC.

The Operative Regional Coastal Plan.
Changes covered by Plan Change 2 (November 2010) and the amendment in Jan 2011 do not affect the activities covered by the SPHS.

Proposed West Coast Regional Policy Statement The statement is in its final stages of approval. Relevant policies relate to point discharges of contaminants and resilience.

Chapter 8 Land and Water: The SPHS will serve the policies proposed by avoiding point and distributed discharges of raw and treated AMD to land and the tributaries of the Ngakawau River.

Chapter 9 Coastal Environment: The Outfall Management Plan, required to be developed in consultation with WCRC as a condition of consent, will achieve the policy objectives and ensure the adverse effects of the proposed outfall are managed. The positive effects of the outfall will be rehabiitation of the Ngakawau Estuary within the CMA and upstream.

Chapter 4 Resilient and Sustainable Communities: Hydro facilities are included in the diversions to create a significant renewable energy resource. Power revenue has the potential to fund approximately 50% of the cost of the diversions, leaving the net cost of diversions significantly less than the cost of reducing the acidity of mine drainage prior to discharge to the tributaries of the Ngakawau River using lime based or other treatment processes. Collection, diversion and disposal of AMD as consented for the SPHS has significantly less overall environmnetal effects than any other option for rehabilitating the historic legacy of acid mine drainage and offers practical and affordable solutions to rehabilitate exhausted coal workings and the terrestrial environment of Stockton Plateau.

The objectives of the SPHS remain consistent with, and advance, the policies and objectives of the plans and proposed plans operative in 2010. The project supports the statutory and planning changes that have occurred since 2010. The proposed extension of the lapsing date is assessed to have less than minor effects.

Should you require further information in support of this application could you please contact the undersigned.

Yours sincerely,

John Easther
Director
Hydro Developments (2013) Ltd
s 9(2)(a)
s 9(2)(a)

Attachments
HDL Resource Consent Appliaction and AEE for the SPHS
Decision of Joint Hearing Committee for HDL and the SPHS including conditions of consent.