

LET Capital Limited

INVESTING IN

• RENEWABLE ENERGY GENERATION • BUILDING MATERIALS • VALUE AND SPECIAL SITUATIONS

1st March 2023

Hon David Parker
Minister for the Environment
Parliament Buildings
Wellington
By email to: d.parker@ministers.govt.nz

Dear Minister

Referral Application for a Proposed Windfarm

I write to you on behalf of LET Capital Number 3 Limited Partnership (LET) which has been investigating the development of an approximately 80MW windfarm on the west coast of the North Island, south of Waiuku. Yesterday, LET made an application for referral under the COVID-19 Recovery (Fast-track Consenting) Act 2020 ("FTCA") for the project.

The FTCA allows important projects to be progressed at a time of national need that otherwise may have either taken some years to commence or may not have been pursued by various sponsors. The FTCA is a major factor in giving my team the confidence to develop this proposal and a clear understanding of the timeframe to bring it to life as an operating green energy electricity producer.

This application marks the start of our formal approach seeking consent to build a relatively small but significant windfarm in the northernmost part of the Waikato District. A mere stone's throw from Auckland, this will be the first grid scale generation to be built in the region since Otahuhu-B (gas combined cycle) was built in 2005¹.

At this stage, we have adopted an envelope approach to turbine type and approximate location. This approach has gained acceptance more recently in consents such as the 2022 Kaiwaikawe windfarm consent at Kaipara. It allows us to build in technology gains as the project progresses, ranging from acoustic suppression to increased effective energy production. Already we are looking at a turbine, released late last year, which may mean fewer turbines than our maximum number of 18 but with greater production capacity.

The project's proximity to Auckland offers multiple advantages. This region will experience significant future growth in its electricity demands. This windfarm will allow 90,000 vehicle owners to switch from carbon-based fuels to sustainable and renewable electricity. Secondly, the project will inject energy into the grid through spare capacity at the Glenbrook sub-station, alleviating some of the pressure for Transpower's grid upgrades that are required to support transmission of new generation south of Huntly into Auckland. Thirdly the demand for jobs generated can be easily matched locally by the businesses and communities of greater South Auckland. This project will not require dislocating workers from their homes to a new place. Our proposed location was deliberately selected for these reasons.

¹ Decommissioned 2015

This project is more than a simple new, fresh green shoot that helps fulfil Aotearoa New Zealand's vital goal of energy transition. It marks the culmination of more than a decade spent by our team members developing a deep understanding of the energy industry and the myriad of social, economic, and environmental factors driving change. Pleasingly, we can undertake this project confident that it can be funded on a commercial basis.

LET's investors, via an earlier Partnership, have a track record of success in the renewable energy generation sector through investment in another wind farm operator, NZ Windfarms Ltd (NWF). That earlier Partnership's entry as a major shareholder in NWF in 2015 led to changes that allowed NWF to increase returns and commence dividends. It is notable that LET's investors have recycled their capital from the earlier Partnership to support this new project.

I personally served as a Director, and later Chairman, of NZ Windfarms for five years and championed a re-powering initiative for the Te Rere Hau windfarm. This re-powering has also been referred to an Environmental Protection Authority (EPA) FTCA consenting panel. I am proud that I have had a hand in two large windfarm projects utilising the FTCA.

The electricity generation sector has not always been a comfortable place for independent merchant generators to operate in. There has been an improvement over the past decade where merchant generators have gained greater ability to enter into off-take agreements or use other revenue risk management tools. LET would welcome further development in the sector to support more independent merchant generators entering the market. Government procurement of electricity could be an interesting area for strategic development. I firmly believe that independent operators will play a critical role in achieving our 2050 goals, both in terms of provision of capacity and, importantly, timing.

For a private operator, any capital-intensive infrastructure project such as a windfarm, development must be commercially viable at its heart. However, I can say that hearing Hon Dr Megan Wood's speech to the 2020 New Zealand Wind Energy Association Conference was a pivotal moment for me, and an underlying reason that there are two windfarm proposals in the FTCA process.

I close this letter cognisant of the challenge in front of us, confident in our direction and optimistic about the future.

Yours sincerely

A handwritten signature in black ink, appearing to read 'John Southworth', with a long horizontal flourish extending to the right.

John Southworth

Director

LET Capital Limited

General Partner

for and on behalf of

LET Capital Number 3 Limited Partnership