

1 October 2007

Expression of Interest: Waikato Regional Climate Change Assessment

The Waikato Engineering Lifelines Group (WELG) has had an interest in the potential effects of climate change on lifeline utilities since 2004 and was a funding partner in the CLINZI Hamilton Climate Change Model, completed in 2005 (refer to www.welg.org.nz for more information).

This model provided a very useful indication of the potential for significant long term effects on utilities as a result of climate change and the Lifelines Group recognised the importance of extending its knowledge in this field and its potential benefits to its members. There was a general consensus that further modelling would be the most appropriate method of increasing the knowledge base and to provide maximum benefits to the majority of the lifeline utilities in the Waikato Region.

There was significant internal discussion on the extent of a proposed model and it was recognised that it would be dependent on a number of issues, including costs, practicality of obtaining base information, variable nature of the soil types, topography, weather patterns, etc.

Two possible scenarios were agreed upon, the Hauraki Plains and the Waikato Region as a whole, both of which have local, regional and national significance.

The potential impacts of climate change, such as the effects of salt water intrusion on underground cabling, and water supplies, both the piped network and underground potable water sources, may have a direct impact on local authorities as well as utility companies and are examples of the type of information that is being sought after. This type of information will allow local, regional and national lifeline utilities to reassess their existing critical sites and risk management procedures in terms of both operational and strategic decisions. The key (meteorological) factors include the expected increase in the magnitude and frequency of heavy rainfall events and warmer air temperatures

Another more encompassing benefit of modelling these areas, are the effects of climate change on other activities such as the agricultural sector and significant natural features such as the Kōpūatai Peat Dome. While these activities do not have a direct relationship with the Lifelines Group's objectives, land use changes have an impact on utilities and, of equal importance, the number of funding sources is also increased as there are joint

benefits to a number of sectors outside the utility sector, i.e., Federated Farmers, Department of Agriculture, Fish and Game, Ministry of Economic Development, Department of Conservation, Forestry, etc.

The prime purpose of this letter is to seek expressions of interest by agencies that may be interested in undertaking a project of this size and nature and for said parties to provide WELG with a very brief outline as to how they could meet the WELG objectives, indicative costs and a list of other potential funding partners for each of the two scenarios. A recommendation on which would be the most practical scenario would also be appreciated.

It must be re-emphasised that this request is for expressions of interest only with the sole objective being for WELG to obtain an understanding of the viability, practicality and costs of such a project. There is no commitment for the WELG to proceed with the project as it is dependent totally on costs and level of interest.

It is envisaged that WELG would be a minor contributor only but may be able to assist in locating other potential funding streams.

If your organisation is interested in providing an expression of interest in the project or you require further information please contact the undersigned.

A list of the lifeline utilities, in terms of the CDEM Act 2002, is attached.

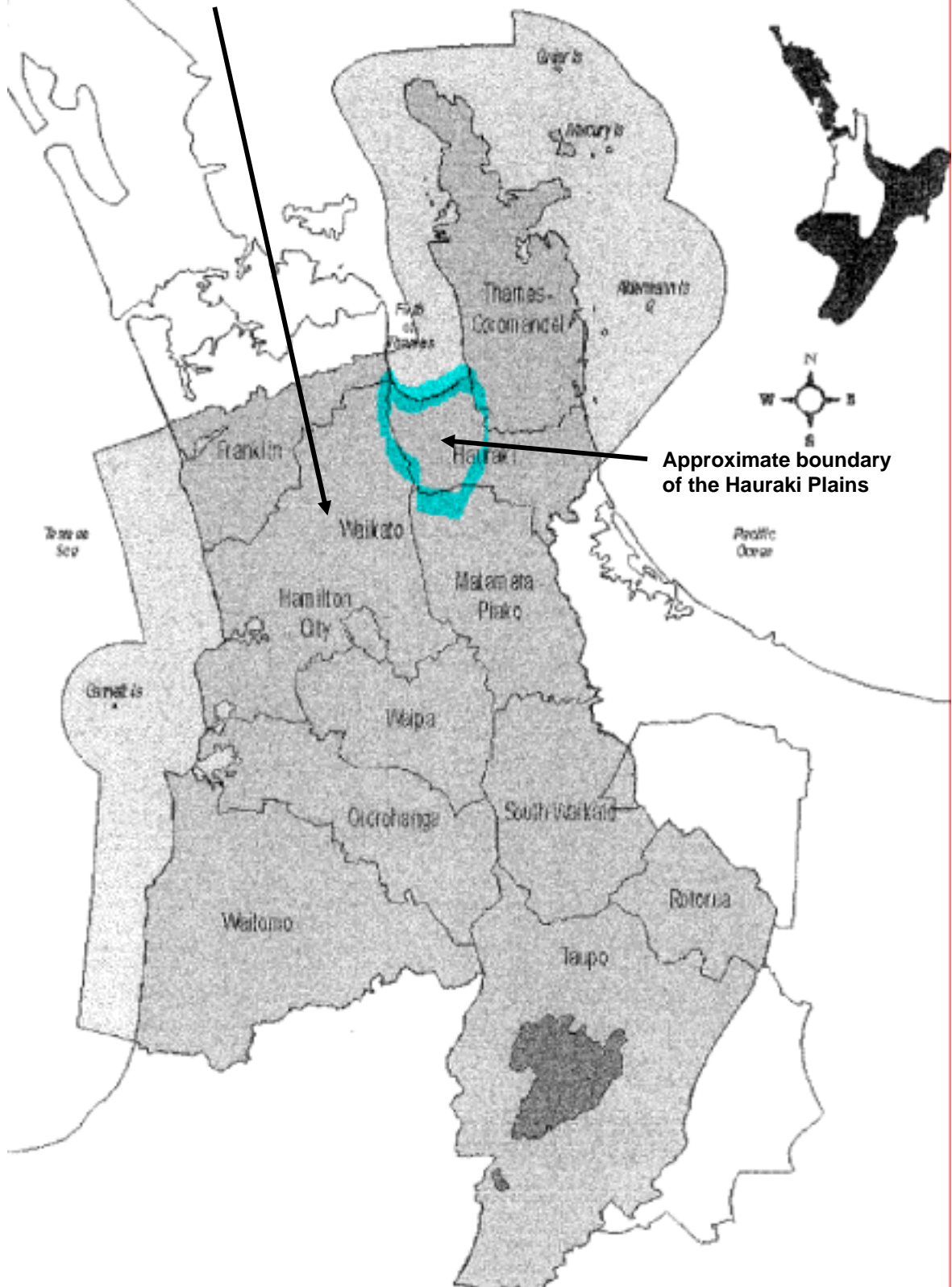
Yours faithfully,

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WAIKATO REGION



SCHEDULE 1

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Lifeline utilities

PART A—Specific Entities

1. Radio New Zealand Limited and Television New Zealand Limited.
2. The company (as defined in section 2 of the Auckland Airport Act 1987) that operates Auckland international airport.
3. The company (as defined in section 2 of the Wellington Airport Act 1990) that operates Wellington international airport.
4. The airport company (as defined in section 2 of the Airport Authorities Act 1966) that operates Christchurch international airport.
5. The entity (being an airport authority as defined in section 2 of the Airport Authorities Act 1966, whether or not it is also an airport company as defined in that section) that operates the primary airport at Bay of Islands, Blenheim, Dunedin, Gisborne, Hamilton, Hokitika, Invercargill, Napier, Nelson, New Plymouth, Palmerston North, Queenstown, Rotorua, Tauranga, Wanganui, Westport, Whakatane, or Whangarei.
6. The port company (as defined in section 2(1) Of the Port Companies Act 1988) that carries out port-related commercial activities at Auckland, Bluff, Port Chalmers, Gisborne, Lyttleton, Napier, Nelson, Picton, Port Taranaki, Tauranga, Timaru, Wellington, Westport, or Whangarei.
7. The Grey District Council, acting as the Greymouth harbour authority and owner and operator of the Port of Greymouth under Parts IV and VI of the Local Government (West Coast Region) Reorganisation Order 1989, Part 39A of the Local Government Act 1974, and section 16 of the Local Government Amendment Act (No 2)1999.

PART B—Entities carrying on certain businesses

1. An entity that produces, supplies, or distributes manufactured gas or natural gas (whether it is supplied or distributed through a network or in bottles of more than 20kg of gas).
2. An entity that generates electricity for distribution through a network or distributes electricity through a network.
3. An entity that supplies or distributes water to the inhabitants of a city, district, or other place.
4. An entity that provides a waste water or sewerage network or that disposes of sewage or storm water.
5. An entity that provides a telecommunications network (within the meaning of the Telecommunications Act 1987).
6. An entity that provides a road network (including state highways).
7. An entity that produces, processes, or distributes to retail outlets and bulk customers any petroleum products used as an energy source or an essential lubricant or additive for motors for machinery.
8. An entity that provides a rail network or service.