

Reference: 20240154

18 March 2024

Dear [REDACTED]

Thank you for your Official Information Act request, received on 5 March 2024. You requested:

Two 51% owned by govt, companies paid \$180 million to “continue” to produce electricity on Waitaki.

Who was paid?

Why was it paid.

Was the payment Extortion?

Was the payment “bordering” on corruption?

What is treasury advising Willis on this matter?

The payments referred to in the news article attached to your request relate to the consenting of the Waitaki hydro-electricity scheme under the Resource Management Act 1991 (the RMA).

Section 17 of the RMA states that “every person has a duty to avoid, remedy, or mitigate any adverse effect on the environment arising from an activity carried on by or on behalf of the person”.

The Waitaki hydro scheme is a nationally important hydro generation asset of considerable scale. It provides approximately 16% of New Zealand's annual electricity supply needs. It is New Zealand's largest hydroelectricity generation scheme measured by installed capacity (1,553 MW), generation output (an annual average output of ~7,000 GWh) and controlled hydro storage (~56% of New Zealand's historical average). The hydro stations and other assets that make up the scheme are owned by Meridian Energy and Genesis Energy. The Meridian Energy components of the scheme are valued in Meridian's accounts at \$5.1 billion.

Reflecting its scale and nature, the Waitaki Power Scheme has a significant influence on the environmental outcomes in the Waitaki catchment, particularly in relation to water and related biodiversity.

Given this, Meridian Energy and Genesis Energy have, for as long as they have operated the scheme, taken steps to mitigate its effects, as required by the RMA.

Environment Canterbury is currently considering an application by Meridian Energy and Genesis Energy to renew the consents for the operation of the Waitaki scheme for a further 35 years. As part of this application, the two companies have entered into agreements with the Department of Conservation and Ngāi Tahu Whānui of the Waitaki Catchment. These agreements involve Meridian Energy and Genesis Energy funding various mitigation activities, as well as paying compensation for impacts of the scheme which cannot be mitigated.

Such payments are not unique to the re consenting of the Waitaki hydro scheme, and in fact are common in RMA consenting or re consenting processes. The only difference is the scale of the payments, which reflect the scale of the Waitaki hydro scheme and the environmental impacts that it causes.

The news item you attached refers to the payments being to “redress past damage”. The payments relate to the mitigation of future environmental impacts that would be caused by the continued operation of the scheme, and compensation for future impacts that could not be mitigated – they are not redress for any past impacts.

The Treasury’s advice to the Minister of Finance and the Minister for State Owned Enterprises, as the shareholding Ministers in the two companies, has been that the agreements entered into by Meridian Energy and Genesis Energy represent the companies complying with the requirements of the RMA.

In this context I do not believe it would be accurate to describe the payments as “extortion” or “bordering” on corruption.

Please note that this letter (with your personal details removed) may be published on the Treasury website.

This reply addresses the information you requested. You have the right to ask the Ombudsman to investigate and review my decision.

Yours sincerely

Ann Webster
Manager, Commercial and Institutional Performance