



Contact®

Ecosystem Services Review

Contact's hydro generation operations on
the Clutha River

10 April 2015

Why pilot ESR?

Our stakeholders are demanding us to take a broader view to our interactions with our local environments beyond the confines of resource consenting.

We felt that the ESR programme would give us a different (external) perspective, and allow us an independent framework and neutral lens through which to approach, what have been historically seen as “tricky conversations” regarding the environmental effects of our operations.

The ESR programme would also force us to broaden our discussions to include interactions and dependencies that have traditionally sat in silos in Contact.

Ecosystem service thinking is impacting many international frameworks and this enabled us to trial emerging best practice.

Why the Clutha?

We believe that a new integrated model of managing natural resources is emerging in New Zealand.

Water, and in particular to our case, the Clutha River is a good example of this and provided us with an ‘ecosystem’ that had defined-ish boundaries helping focus our discussions.

Dams are not everyone’s favourite engineering marvel, the Clutha included!

Competing demands on the resource for a number of existing and newly created uses means evaluating our dependencies and impacts can help inform our discussions with regulators, external stakeholders and our communities.

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How we went about it?

Stage 2 Approved budget and resource projections and established Project Team and LT Steering Committee.

Step 4 Data gathering undertaken on 7 priority Ecosystem Services (8 weeks).

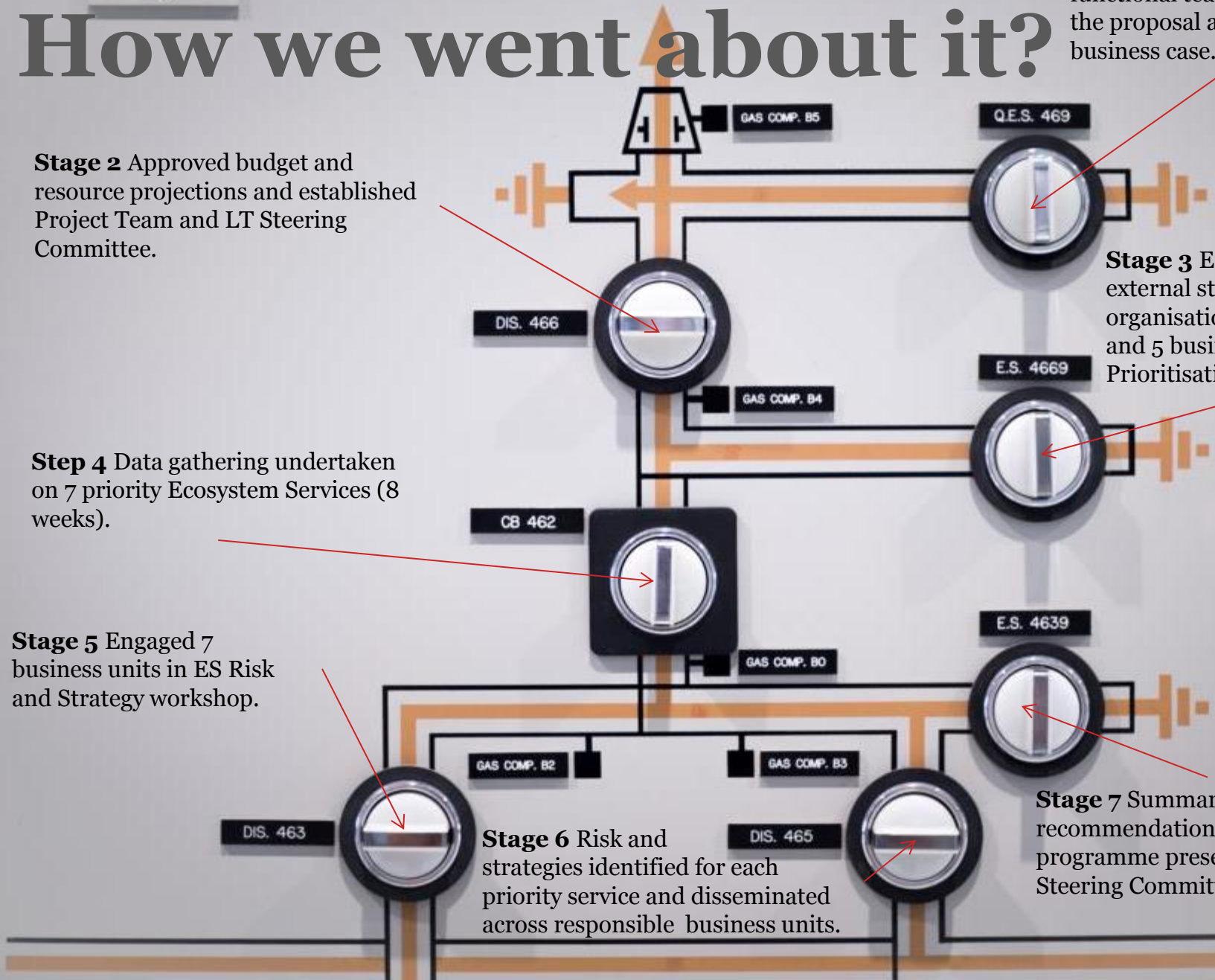
Stage 5 Engaged 7 business units in ES Risk and Strategy workshop.

Stage 1 Created a cross-functional team to evaluate the proposal and establish business case.

Stage 3 Engaged 11 external stakeholder organisations and 5 business units in ES Prioritisation workshop.

Stage 6 Risk and strategies identified for each priority service and disseminated across responsible business units.

Stage 7 Summary paper and recommendation on ESR programme presented to Steering Committee.



Five key insights.



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1. Ecosystem Services are vital to our business, but water is key.

With our generation portfolio having such a significant renewable weighting the importance of natural inputs (ie Ecosystem Services) is widely acknowledged internally.

What the pilot has highlighted; however, is the interdependencies across a range of these services and how some seemingly unrelated to our business can have significant impacts, both positive and negative

An example being Crops and Livestock. On one hand irrigation-based farming has impacts on water availability and quality and on the other it is a consumer of energy – Contact is a participant on both sides of this interdependency.

2. Long vs longer-term view.

One of the recognised strengths of the ESR programme and an aspect that appealed to us in agreeing the pilot, was the ability to identify “emergent issues” – those with potential effects beyond the normal strategic planning timeframes but also with current or slow burn impacts.

As an example our sediment management plans take on a very different look when you apply a 30-50 year lens!

3. Positive engagement.

‘Front footing’ the issues by inviting stakeholders to comment and provide insight on our business and environmental performance, has been very well received.

Internally, we have seen similar improvements in our people’s engagement. Initial scepticism has been replaced with genuine interest in the feedback and outcomes.

It was the first time many of the external stakeholders we brought together had talked to each other and understood their own impacts and interdependencies – it created stronger links between the group and a deeper understanding of the trade-off’s required to sustainably manage an ecosystem.

4. Investment opportunities.

As a result of the pilot a number of opportunities were identified to fine tune our community investment and better target/use our mitigation spend.

Opportunities exist to grow and develop our relationship with Ngai Tahu including being led by the iwi to develop a mahinga kai programme, to assist local developments such as cycle ways and river-based events and facilities and help promote historical links to “Gold Rush” communities lost through flooding of the Kawarau Gorge.

There is also an opportunity to increase and better deliver school tours of our Clutha operations and develop a hydro generation version of our “Behind the Plug” school curriculum unit.

5. Material Aspects.

Internally, one of the most valuable findings has been the potential application of the ESR programme (ie approach, structure, engagement and review process) to our Material Aspects approach to embedding sustainability within Contact.

As a direct result of our pilot, our Sustainability Team now plan to adopt the ESR approach to help define and refine our Material Aspects, develop performance measures and a review process for inclusion in our 2015 Integrated Report.

What did it cost?

The total cost of our ESR pilot was approximately \$50k. This consisted primarily of employee time, travel and accommodation and external stakeholder costs.

Some stats

- **A total of 433.5 hours invested**
- **By a total 16 staff**
- **From across 6 business units**

Quantifying the internal and external cost of the pilot programme was an important factor in Contact's future resource planning if this programme becomes a more common approach.

Where to from here?

We will engage our Board with the findings and discuss the future direction this helps us define in our management of our operations.

We will further develop the relationships that were forged with external parties through this process and have already accelerated conversations with one party following the pilot.

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Questions?

A printed telephone directory or contact list with multiple columns of text, including names, addresses, and phone numbers.

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