



Report 06.721
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File RE/01/02/03

Committee Policy, Finance and Strategy Committee
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Puketiro wind farm development agreement

1. Purpose

To request the Committee to endorse the decision to enter into a development agreement for the Puketiro wind farm with RES New Zealand Limited, the wholly-owned subsidiary of Renewable Energy Systems Holdings Limited.

2. Significance of the decision

The matters for decision in this report do not trigger the significance policy of the Council or otherwise trigger section 76(3)(b) of the Local Government Act 2002.

The decision in 2005 on whether or not to develop a wind farm at Puketiro was made following consultation which was closely aligned to the special consultative procedure outlined in the Local Government Act 2002. The consultation showed a very high level of support for the development of a wind farm site at Puketiro.

3. Background and Discussion

At the Policy, Finance and Strategy Committee meeting on 9 November 2006, the Committee approved a series of recommendations related to the tenders for development, ownership and operation of a wind farm at Puketiro. These were covered in report RPE06.610.

The status of preferred tenderer was conferred on Renewable Energy Systems Holdings Limited (RES UK), a company registered in England and Wales. A second resolution delegated the signing of the development agreement to the Chief Executive when successfully negotiated.

The Committee also gave guidance to officers on a few issues relating to proceeding with the contract. This included encouraging RES UK to establish an incorporated New Zealand company.

During negotiations, RES New Zealand Limited (RES NZ) was duly incorporated as a wholly-owned subsidiary company and RES UK requested completion of the development agreement in the name of RES NZ.

The Council's risk position does not increase by entering into the development agreement with RES NZ. The original tender documents specifically allowed for contract assignment to a wholly-owned subsidiary of any tenderer, provided acceptable arrangements were put in place. Legal advice confirmed that Council's interests are appropriately protected by the assignment provisions in the development agreement.

Council officers could have insisted that the development agreement was entered into with RES UK. However, it was clear that upon signing, the company would have then requested an assignment to RES NZ. This would have incurred the Council in additional legal costs and delayed the progress of the project.

Following consultation with executive officers, the development agreement was concluded with RES NZ and approved by the Chief Executive on Friday 1 December 2006.

4. Communications

Co-ordinated media releases by both the Council and RES NZ were issued on 4 December advising that the Council had signed an agreement for development of the Puketiro wind farm with RES NZ.

5. Recommendations

That the Committee recommends that Council:

1. **Receives** the report.
2. **Endorses** the decision by officers to conclude the development agreement with RES New Zealand Limited, a wholly-owned subsidiary company of Renewable Energy Systems Holdings Limited.

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