



STAGE 2 SMALL BLOCKS WATER SUPPLY POLICY

KEY TERMS

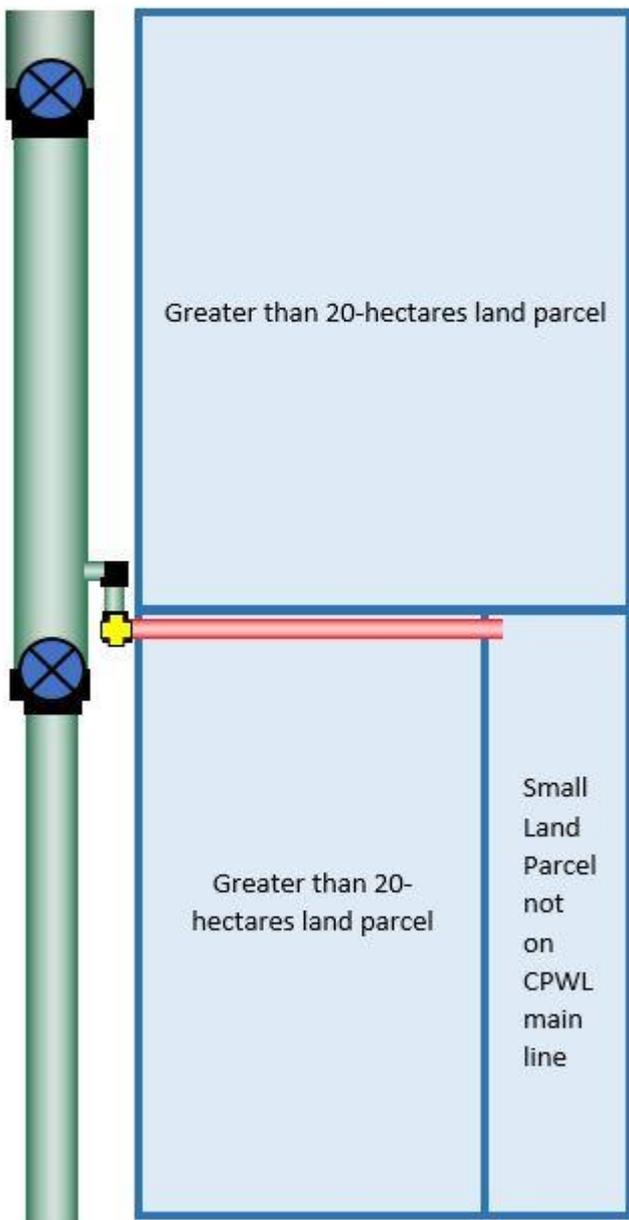
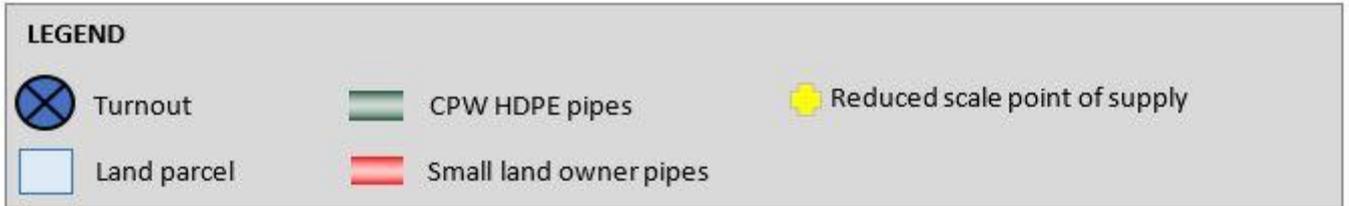
CENTRAL PLAINS WATER LIMITED

<p>What is a Small Block?</p>	<p>A small block is a land parcel located in the Stage 2 area of the Scheme that requires less than 20 Stage 2 Construction Shares and is not associated with an adjoining land parcel also in the CPWL Scheme. The small block must be owned or controlled by the Applicant to the Small Block Water Supply Policy and Water Use Agreement.</p>
<p>Eligibility</p>	<p>Generally speaking, only properties located along or immediately adjacent a HDPE pipe route able to be serviced by gravity feed will be eligible.</p> <p>CPWL may refuse connection at its discretion, including where CPWL determines that it would be more appropriate for the water user to hold Construction Shares, or where it would be impractical or uneconomical to supply.</p> <p>CPWL will be more likely to be able to service clusters of small blocks than widely disbursed small blocks.</p>
<p>Contract</p>	<p>Modified form of Water Use Agreement (to be provided by CPWL)</p>
<p>Shareholding</p>	<p>Per unit of water purchased, water users will be required to hold:</p> <p>20 Ordinary shares (1 ordinary share = 500m³ p.a.); and 2 Pre Construction Shares</p> <p>No requirement to hold Construction Shares</p> <p>The Company is not offering Ordinary or Pre Construction Shares. If these Shares are required they must be purchased from existing shareholders. Please visit CPW's Share trading website www.cpwshares.co.nz</p>
<p>Up Front Capital Costs</p>	<p>Upon acceptance of the Application by the Company (ie, once the Company confirms the Eligibility criteria have been met), the water user will be required to make an upfront payment of \$4000.</p> <p>This capital payment is required to meet the capital costs of the connection and the reduced scale point of supply (most likely a meter or restrictor valve). Applicant will also be responsible for the costs and installation of any pipework from the CPW reduced scale point of supply to their farm connection point.</p> <p>The capital contribution cost specified in this Policy is valid for the period of 1 February to 28th February 2017. After this period, the capital cost is subject to review.</p>

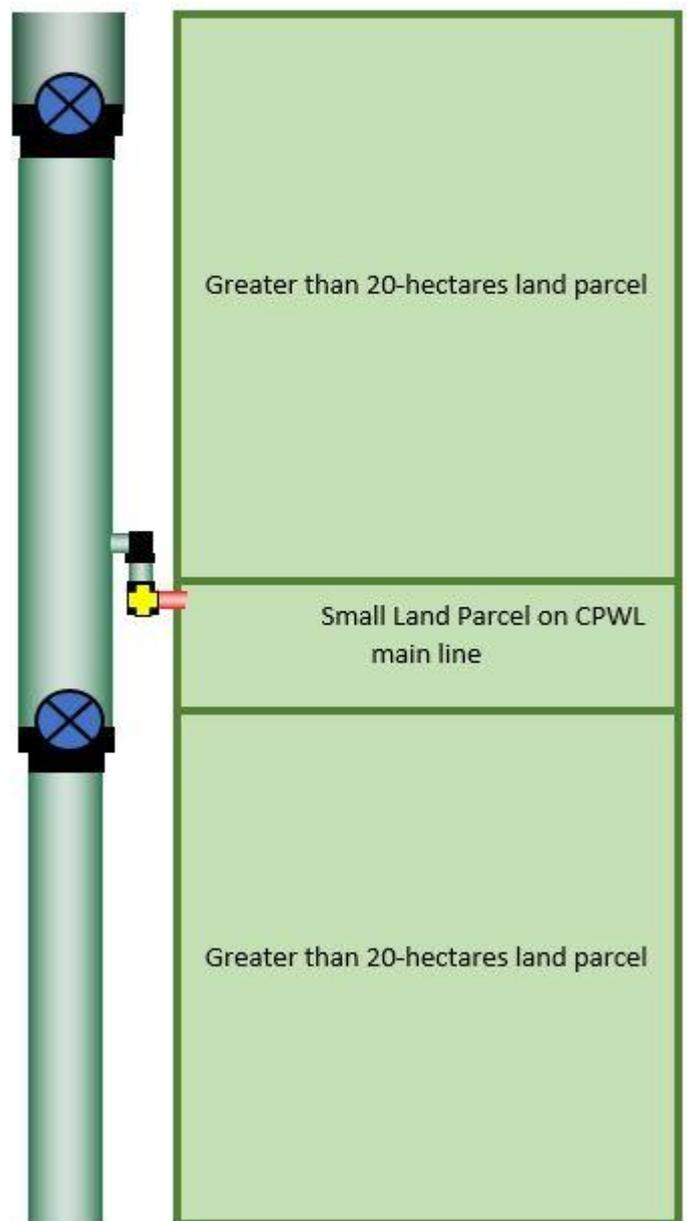
<p>Irrigation Supply</p>	<p>Minimum of 1 unit = 1 Litre/sec, or 86.4m³ per day max</p> <p>Maximum of 8 units per property (ie 8 L/s or 691m³/day)</p> <p>Where the small block is not immediately adjacent the CPW HDPE pipe, the owner will need to install (at their own cost) their own pipe to meet up and connect to the turnout supplied by CPWL on the closest CPWL HDPE pipeline.</p> <p>Due to the cost of a standard CPWL turnout, we are proposing a reduced scale “point of supply” for small block owners to connect to. This will generally be adjacent to the nearest CPWL turnout. CPWL will not supply a turnout to the small block owner;</p> <p>The small block owner will be responsible to ensure that on farm infrastructure is protected from over pressure through the installation and maintenance of appropriate equipment that complies with CPWL’s requirements. The connection to the CPWL reduced scale “point of supply” must also be checked by CPWL and meet our technical standards.</p> <p>The connection to the main pipeline and take of water must not affect the supply of water to other farmers.</p>
<p>Annual Charges</p>	<p>In addition to the up-front capital costs, the water user will be required to pay annual water charges of \$2,000 p.a. per unit, subject to annual review.</p> <p>The annual charges include a supply of stored water (up to the agreed volumes). However, supply of the agreed volume is not guaranteed, and is subject to availability of Scheme water (including stored water).</p>
<p>Use of Water</p>	<p>Water is non-potable. Users must have their own separate and reliable supply of house water. CPWL water is not intended to replace house water.</p> <p>To be used for Irrigation supply during the irrigation season which is typically 1 Sept to 30 May, subject to earlier shut down.</p> <p>The use of water will be subject to a Water Use Agreement with CPWL which includes compliance with Company’s consents (including a requirement to have a Farm Environment Plan).</p> <p>The maximum annual volume of water will be included in the Water Use Agreement.</p> <p>A water meter device will be required to be installed at the owners cost, and CPW will have the right to access this device to record water usage for the purpose of monitoring the water take.</p> <p>CPWL does not guarantee an uninterrupted supply of water.</p> <p>Supply may be shut down for scheme maintenance or as otherwise reasonably required by CPWL.</p> <p>CPWL does not guarantee delivery of water at pressure. Typically, pressure will be lower than the pressure supplied to Stage 2 Construction Shareholders. The available pressure will depend on a number of factors including each Small Blocks water</p>

	user's location in the Scheme area, and the uptake and use by neighbouring properties from time to time.
Opening Date	1 st February 2017
Closing Date	28 th February 2017
Acceptance of Applications	<p>The Company will only approve the Application once the Company is satisfied that it is viable and practical to supply the applicant. The applicant is required to make the up-front capital contribution payment and submit the signed Water Use Agreement once the application has been approved.</p> <p>The Company will only accept Applications once the payment and signed Water Use Agreement have been received.</p>
Nitrogen Allocation	<p>CPWL irrigated small blocks will be able to operate under the Company's discharge permit in the same manner as other CPWL shareholders. In addition, where the small block has not been irrigated (other than by effluent) prior to 1 January 2015 a sub-licence of nitrogen from CPWL may be available to the small block owner in accordance with the Nitrogen Allocation Strategy.</p> <p>The nitrogen will be licenced to the small block owner for the duration their property receives Scheme water (under the Small Block Water Use Agreement). If the Small Block owner no longer irrigates their land with Scheme water, the nitrogen allocation licenced to that land will return to CPWL, effectively resulting in the small block reverting back to its dry land nitrogen discharge baseline.</p>
Farm Environment Plan	<p>There is a specific Farm Management Plan that Environment Canterbury has approved for small blocks. The template provided by Environment Canterbury (as at 25th February 2016) has been developed specifically for small scale, low intensity properties that are required to do a Farm Environment Plan. It is considered appropriate for properties that are less than 10 hectares in size if irrigated or 20 hectares in size if not irrigated. The template is not appropriate for use as a Farm Environment Plan for intensive farming operations that include activities such as: dairying, intensive dairy support, more than 20 pigs and/or 10,000 or more birds.</p>
Termination/Cancellation:	<p>The water user may cancel this Agreement at any time on notice, provided that no amounts are owing or in arrears, and any Nitrogen allocation granted is returned to the Scheme.</p> <p>CPWL shall be entitled to terminate this agreement by notice in writing for any water user non-compliance or breach of this Policy or the Water Use Agreement (including failing to make any payment when due).</p> <p>The up-front capital contribution paid by the Small Block water users will not be refunded upon cancellation or termination of this Agreement.</p>
Assignment	<p>The water user may assign this Agreement together with a transfer of the underlying land.</p>
Policy Review	<p>The Small Blocks Policy and associated Water Use Agreement is subject to annual review. Any modifications or alterations shall be confirmed in writing.</p>

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Scenario 1: Small Land Parcel not on CPW HDPE Pipeline



Scenario 2: Small Land Parcel on CPW HDPE Pipeline