

5 March 2026

Fast-track Panel  
C/- Project Director  
Westpower Ltd  
146 Tanui Street  
Greymouth 7805

Attention: Jon Bright/June Cahill

## **RE: PROPOSED WAITAHA HYDRO APPLICATION - REPLY TO QUERIES FROM WAITAHA EXPERT PANEL – M PENROSE**

This memorandum is in response to queries from the Waitaha Hydro Expert Panel, on the valuation evidence provided by Michael Ian Penrose in support of the Fast-track Approvals Act 2024 application by Westpower Limited.

To support the Panel's consideration of this matter, Westpower has provided the valuation report I prepared for them, which sets out the market assessment of the long-term concession fee.

The Waitaha Expert Panel has asked the following questions and my responses follow:

1. Confirmation of whether the CBRE valuation took into account:
  - (a) the term requested (i.e. whether the level is affected by the length of term); and
  - (b) the purpose of the FTAA.

M.I Penrose response:

- (a) The fee reflected the long term of the concession (49 years).
  - (b) The valuation did not take into account the purpose of the FTAA.
2. If the valuation did not take into account the above matters, the valuer's view as to whether it is appropriate to take these matters into account and the impact on the resulting valuation.

M.I Penrose response:

The valuation was based on normal market valuation principles, appropriate for the acquisition of long-term land rights.

*The purpose of this Act is to facilitate the delivery of infrastructure and development projects with significant regional and national benefits.*

Noting the purpose of the Act, it may be appropriate for the panel to apply a discount to my assessed concession fee, due to increased economic risk or to reflect the public good benefits of the scheme.

Economic risk is discussed in my reply to question 3 b) below, while in my valuation report, Section 7.4 - Compensation Considerations, the public good benefits are summarised in the second to last bullet point. My concession fee assessment includes no deduction for these public good benefits as these sit outside the definition of market value.

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3. A statement from the CBRE valuer:

- (a) as to whether and if so how his valuation would change now that CPI increases are offered for compensation payments;
- (b) whether he has seen Mr Griffiths statement and whether that changes his view in terms of the appropriate long-term concession rate level.

M.I Penrose response:

- (a) I understand that this is in respect of the effects-based compensation payments, not the activity fee. My valuation has accounted for these compensation amounts before any inflation adjustment. It would appear reasonable that the amounts should be adjusted for inflation due to the long construction period. The impacts of CPI adjustments on my valuation would be relatively minor and could alternatively be considered as part of the rent review every 3 years.
- (b) I had not seen the statement by Mr Griffiths before finalising the memorandum and valuation report submitted to the panel.

My assessment was based on the market evidence I was able to source and based on that, my long-term concession rate is objective and appropriate.

Mr Griffiths will have had access to economic data relative to the financial viability of the scheme but that was not shared with me. If that information showed the scheme has an increased risk of being uneconomic at the Department or my proposed concession rate, then the panel may consider it appropriate to adopt Mr Griffiths' suggested rate to give effect to the purpose of the Fast-track Approvals Act.

Yours faithfully



**Mike Penrose**

VPU; Dip VPM; AMINZ; FNZIV

Director, Registered Valuer

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