



Fact Sheet 2 - BCI Scheme Charging Regime

The BCI Scheme bases all charges on volume rather than hectares water is applied to. This gives irrigators the flexibility to apply water over any area, subject to a consented maximum of 0.6 litres per second per hectare (5.2 mm per day). Some charges are based on pipe capacity for delivery (litres per second flow) and some on volume delivered (cubic meters). Standard pricing is generally quoted based on 0.45 litres per second per hectare (3.9 mm per day).

1. Share Purchase

The BCI Scheme is a joint venture between Barrhill Chertsey Irrigation Limited, a farmer owned cooperative company, and Electricity Ashburton Limited, a consumer owned cooperative electricity lines company. To secure access to irrigation water a farmer will need to purchase shares in Barrhill Chertsey Irrigation Limited. There are some complexities in this process (covered in Fact Sheet 1 – BCI Share Purchase) but for new shareholders to Barrhill Chertsey Irrigation Limited it requires the purchase of 2000 shares for every litre per second of supply required. The share purchase will be promoted in a registered prospectus each year, is a one-off cost, and share payment will be due on a set date prior to delivery of water.

2014/15 Season Share Price:	\$2,994.60 per litre per second (\$1,350 per ha at 3.9mm per day)
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2. Annual Charges

Annual charges cover a range of costs including energy, debt servicing, fixed charges from TrustPower Limited (pump station at Highbank), operating costs and cash distributions to Electricity Ashburton Limited.

2.1.1 Fixed Annual Charge

Based on volume contracted by the farmer, in litres per second, this charge covers all the fixed costs of delivery to farm under pressure. This charge is invoiced monthly and reviewed prior to September each year. Most of the fixed charge is exposed to increase through a consumer price index factor (CPI).

2014/15 Fixed Annual Charge:	\$1,225.88 per litre per second (\$551.65 per ha @ 3.9mm per day)
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2.1.2 Variable Annual Charge:

Based on the volume of water delivered to a farm, in cubic meters, this charge covers the energy component of delivering water under pressure to the farm turnout. This charge is invoiced monthly based on metered volumes. The charge is exposed to increasing energy prices.

2014/15 Variable Charge: \$0.069 per cubic meter (255mm applied is 2,550 cubic meters per ha or \$176)

2.1.3 Storage Charge

The BCI Scheme consented supply of water does not meet demand all of the time. The BCI Scheme has a contractual arrangement with TrustPower Limited to store water on behalf of irrigators in Lake Coleridge and release that water for delivery when the river supply can not be accessed. Different farming systems, soil type and climatic conditions require that some farms require more storage than others and therefore farmers can contract stored volume at a level that suits their property and business.

As an example an arable farm on good soils may wish to contract 2 weeks of supply, which would be 546 cubic meters per hectare at 3.9mm per day. A dairy farm on lighter soils may wish to contract 4 weeks of supply, which would be 1092 cubic meters per hectare at 3.9mm per day.

This charge is invoiced evenly over the irrigation season months and is charged whether that volume is used or not. The unused volume can not be moved to the following season and the contracted volume is in place for 19 years.

2014/15 Storage Charge: \$0.082 per cubic meter contracted for storage.

3. Annual Charge Summary

	Per volume	Per Ha @ 3.9mm per day
Fixed Annual Charge	\$1,225.88 (per lps)	\$551.65
Variable Annual Charge (2,550 cubic meters)	\$0.069 (per cubic meter)	\$175.95
Storage Charge (3 weeks stored, 819 cubic meters)	\$0.082 (per cubic meter)	\$67.16
Total Estimated Annual Charge		\$794.76