

Media Release

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Innovation alive and well in Far North

Local electricity generation and lines company, Top Energy is a finalist in the Deloitte Energy Excellence Awards for both the Innovation in Energy and Line Company of the Year categories, for its network development approach in the Far North.

Minister of Energy and Resources, Gerry Brownlee will present the inaugural Energy Awards in Wellington on 8 September, to recognise achievement and excellence in New Zealand's energy sector.

Commenting on the Energy Awards, Brownlee said, "This awards night is an important new initiative for the [energy] sector that I am pleased to be a part of. Recognising those who achieve excellence in any field of industry is an important part of a successful country".

Historically one of the worst performing electricity networks in New Zealand, Top Energy has committed to a \$200 million, 10-year network reliability and capacity investment, which will expand and strengthen the 33kV sub-transmission system in the Far North and result in improved reliability of supply and increased capacity for the region's power consumers. In the first year of implementation power consumers were without power for an average 366 minutes in the year, compared to over 900 minutes in the previous year.

Top Energy believes its network development plan includes several innovative approaches, including the construction of a double circuit 110kV line from Kaikohe to a switching station at Wiroa, which, for the first 20 years of its life, will operate as a 'super 33kV line'. As growth in the area dictates (circa 2035) a 110kV Grid Exit Point substation will be constructed at Wiroa and the line will be converted to 110kV through insulator replacement - which can take place within a relatively short 18-month time frame. The line and substation will then provide a central hub in Wiroa for the southern area sub-transmission system and future northern-southern area links between Waipapa and Taipa, via Kaeo.

This development also called for innovative design, including specific height and strength requirements for poles, as well as the conductor type used and the development of a new system

modelling tool. Using this new modelling tool, Top Energy has been able to develop 10-year forecasts and, on that basis, offer long-term supply agreements to its suppliers which have delivered very favourable purchase discounts, saving tens of millions of dollars. As a result, costs passed through to Far North electricity consumers, who own Top Energy, are reduced. The Company has also been able to purchase as close to 100% New Zealand manufactured products as possible.

Central to Top Energy's network development objectives (the Company is also an Energy Awards, Lines Company of the Year finalist for 2010) is the improvement of its operational performance, security of supply and the best-practice distribution of electricity to Far North power consumers.

The Company has already tackled poor network performance on several fronts, including the control of vegetation around lines as well as strengthening the network from the effects of lightning strikes – which account for 60% of power outages. These initiatives have helped Top Energy reduce its system average interruption duration index (SAIDI) minutes from more than 900 in the 2008/09 year, to 366 for 2009/10. The Company has set a five year target of no more than 250 SAIDI minutes per year going forward. For power consumers this equates to an average 2 outages a year of less than 2-hours per outage.

The Company is also working with Transpower to replace the two National Grid transformers at Kaitaia, a process that will take almost two years to complete, as well as continuing a build programme for a second transmission line to Kaitaia, which will take 5 years to complete. END.

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