

Media Release

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Ngawha generator secured in local ownership

Top Energy's \$68 million Ngawha power station expansion is moving ahead with a full head of steam.

The Commerce Commission has now ruled an exemption be granted from the ownership restrictions of the Electricity Industry Reform Act (the EIR Act) to a maximum output of 42 megawatts. Its decision will shortly become effective following the publication of its notice in the New Zealand Gazette.

Prior to this Commerce Commission ruling local ownership of a newly expanded Ngawha power station was by no means secure.

The EIR Act expressly prohibits lines companies like Top Energy from owning power generation plants, or from selling electricity. This is to prevent any attempt to stifle competition or to cross-subsidise power generation and distribution. However, in 1998 a unique exemption won by Top Energy allowed it to continue ownership of the original plant, with a maximum output restricted to 12 megawatts.

Clearly, expanding the plant's output to 25 megawatts, with retained ownership, was going to place the company back in breach of these regulations.

The company applied to the Commerce Commission for an ownership exemption after Resource Consents to expand the plant were granted through the Environment Court in September 2006.

According to Roger de Bray, Top Energy Chief Executive, the Commission's decision now clears the way for the expanded power station to remain in local ownership. "Top Energy is owned by the Top Energy Consumer Trust, so the benefits of ownership, in terms of increased profitability and value, will now remain in the region and will be shared by the 27,000 power consumers (a population base of some 55,000) connected to Top Energy's lines network", he said.

According to de Bray, the power station's expansion also provides considerable benefits for the Far North, beyond ownership. "The most compelling benefit is in better security of supply - where our exposure to possible failures in the national grid to the South is substantially reduced. Also it's always more efficient to generate electricity close to where it's consumed - so we minimise transmission losses and therefore costs", he said.

The exemption granted will allow further expansion to 42 megawatts which would supply almost the total electricity requirement of the Far North region. This would be dependent on future expansion projects being undertaken.

Civil engineering work and construction of the new plant's platform commenced in January this year and is close to completion. Work is also underway on a new steamfield pipeline and the drilling of additional re-injection wells is to get underway shortly.

The new closed-cycle plant is designed and being fabricated by Ormat Systems of Israel. It will be shipped to New Zealand early next year, then assembled, commissioned and tested.

With an up-rated output of 25 megawatts, the expansion now being built is expected to be operational by August 2008 and will generate around 70% of all electricity consumed in the Far North region.

"This project is the largest investment made in the Far North in the last 15 years. It's owned by Far North power consumers and the level of the exemption at up to 42 megawatts makes our energy self-sufficiency possible in the future. We should all be proud of the achievement", de Bray added. END.

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