

## Media Release

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## Network investment showing good early results

Local electricity generation and lines network company, Top Energy is pointing to improvements in its outage performance as a sign the company's network investments are already reducing supply outages.

Network companies use SAIDI minutes (an acronym for System Average Interruption Duration Index) as a network reliability indicator and benchmarking formula - where SAIDI is the average outage duration for each power consumer served by the network over a twelve month period, including all planned and unplanned outages.

During the 2008 and 2009 years, Top Energy had the worst performing network of all 29 network companies in New Zealand, recording 900 SAIDI minutes, or an average of six, 4-hour outages per power consumer, with some unfortunate consumers experiencing as many as 27 outages.

Says Top Energy CEO, Russell Shaw, "Our reliability performance has been poor, even though several winter storms contributed to last year's outages result. But the good news this year is we're already seeing positive results from our network investments, with SAIDI reducing from 900 minutes to around half that number, which is very encouraging".

Top Energy completes regular customer surveys to establish performance targets. "During our research into what power consumers expect from their network supplier we asked how many outages they thought would be acceptable to them and for how long. Perhaps not surprisingly 1 in 4 respondents told us they expected no outages at all! In a perfect world that might be possible, but in reality extremely expensive - so we've set our current target at 350 minutes, or an average of less than two, 3-hour outages per consumer, per year", says Shaw.

To deliver this SAIDI target, as well as increasing capacity on its network, the Company has embarked on a massive \$184 million investment programme over the next 10 years.

The investment work began last year with a network automation programme and by targeting vegetation and lightning strikes - the two most common outage causes. Under the automation programme, new reclosers, line sectionalisers and remote control switches were installed, so that fewer consumers are affected when an outage does occur. To address the issue of trees and vegetation crowding overhead lines, the Company recruited arborists and tree trimmer crews and invested in more specialist vehicles and equipment. To reduce the effects of lightning strikes additional lightning arresters were fitted and the Company has adopted a detailed inspection strategy aimed at identifying and replacing potentially aging equipment.

Top Energy is also working with Transpower to upgrade its two Kaitaia transformers. "We have already signed supply contracts for new transformers. They have about a 16 month lead time to delivery and then commissioning will follow that. We're also working on getting feedback from power consumers on having a second Kaitaia feeder line built. But we'll need support from consumers to convince the Electricity Commission that this is the right thing to do", said Shaw.

In terms of network capacity improvements, the Company's substation work at Bulls Gorge is due for completion next month, which will greatly assist local industry and provide for additional load growth in the Kerikeri area. Top Energy has also identified its preferred new zone substation site in Kerikeri, which is to the rear of Great Northern Traders. "It's an ideal location really, being central to town for load capacity and in a light industrial area, where the building will be in keeping with its surroundings. The alternative sites that were identified were all too close to residential areas. Now we need to go through a consenting process, before building can commence", says Shaw.

Top Energy has also secured a site in Kaeo where it plans to build a future substation and new lines linking Kaitaia with the BOI, round the East Coast.

Says Shaw, "As far as restoring network capacity is concerned, we are virtually building a whole new network, so we're looking for more qualified staff. In the New Year we launched a high profile recruitment drive, using national newspapers to encourage staff to join us in the Far North. So far we've had great success with over 350 applicants.

Details of Top Energy's network development plans will be published in its 2010 Asset Management Plan, which will be released on the Company's web site on the 1 April 2010. END

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