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CONTACT ENERGY SIGNS DEAL FOR NGAWHA POWER

Local network company Top Energy and electricity retailer Contact Energy have signed a new agreement that will assist Contact to better manage the electricity needs of its Northland customers, using locally generated geothermal power.

The deal secures Contact Energy's rights to buy all electricity generated at Top Energy's Ngawha power station for the next three years and includes a right of renewal option for a further two-year period.

There are plans to almost triple the Ngawha station's output and Contact has the right to buy the additional power.

Contact Energy retails electricity to around 90 percent of Northland power consumers, who are connected to Top Energy's lines network.

Contact Energy Key Account Manager Bryce Croom says that the Ngawha plant improves Contact's capacity to manage transmission system constraints that can affect the region.

"Supply to Northland is sometimes affected by transmission constraints as electricity is distributed from farther afield on the national grid. Because Northland is at one end of the national grid, quality and security of supply can be disrupted.

"As the main local retailer, our agreement to purchase all the electricity generated locally at the Ngawha geothermal station improves our capacity to manage such issues in the best interests of our customers."

Top Energy's Ngawha Power Station currently generates around nine megawatts of electricity, producing about 35 percent of the total electricity used by consumers in the Northland region.

Top Energy Chief Executive Roger de Bray says "Our agreement with Contact Energy gives us the security of guaranteed earnings up to five years out. When you consider this in the context of an uncertain environment for power generation and fluctuations in demand and pricing, this is a very significant contract for Top Energy and the Far North".

The contract also provides Top Energy with the commercial basis for an expansion of the generation capacity of the power station. The company has recently lodged an application under the Resource Management Act to have its existing Ngawha geothermal field consent term extended and to increase the generation capacity of the power station to approximately 25 megawatts.

Contact Energy's agreement with Top Energy includes the right to purchase additional output from an expanded Ngawha Power Station. When running at full capacity, the enlarged local plant could see around 70 percent of all electricity consumed in the region being supplied locally.

Further information:

Patrick Smellie
Media Relations
(04) 462 1189
(021) 588 203

Roger de Bray
Chief Executive
Top Energy
(09) 401 3122