



For Immediate Release

The Importance of Expanding Power Generation at Ngawha

Last Monday Meridian Energy announced the cancellation of their Project Aqua which was to build a 570 MW power station on the Waitaki River in Canterbury. On the same day the Minister of Energy was reported as saying, apparently before Meridian's announcement, that there was no power crisis but there was a challenge to meet the increasing demand for electricity. Media reports and business leader's opinions have been in conflict on whether there is a power crisis or not. All, however, agree that the price of electricity will increase and that the cancellation of Project Aqua will only make this worse.

Just before Christmas Top Energy, through its subsidiary Ngawha Geothermal Resource Company, lodged resource consent applications to extend the life of the present 10 MW geothermal power station at Ngawha. The applications also seek to expand the station by another 15 MW. Submissions on these applications closed late last month.

When asked if the expansion of the Ngawha station would benefit local people, Jack Poutsma, Chairman of Top Energy, responded that the power consumers of the Far North would certainly benefit. "We can't control the price the energy retailers charge their customers but increased wholesale prices will mean increased profits for the generator company and these will be included in the annual dividend to local people. This will help to offset those price increases. Furthermore there is continuing concern at Transpower's ability to ensure quality of supply across the Auckland isthmus and, as consumption increases within Northland, the existence of a significant local generator can only be of long term benefit to local people and industry"

"Without wishing to labour the point, New Zealand is dependent upon hydro generated power to provide two-thirds of demand. We have experienced shortages in dry years and will likely continue to do so in the future. The recorded variation within hydro storage levels is as much as 30% of our national requirements. Ngawha keeps on producing during such times."

When asked why Top Energy doesn't sell the power from Ngawha directly to local consumers, Mr Poutsma responded "We can't. Government regulations prohibit us from owning both the power lines and selling energy to consumers. In fact it has only been through strenuous lobbying and the support of our Northland MPs that we have managed to continue to own the generator"

There is some difference of opinion from electricity industry leaders about whether there will be power blackouts in coming years. The increased production from the expanded station at Ngawha, if the expansion is approved, will certainly help to keep the lights on in Northland. Mr Poutsma said, "A station like Ngawha produces power largely at a fixed level throughout the year. The amount used by consumers varies during the day and during the year. In the middle of winter, an expanded Ngawha will provide nearly half of maximum demand, but over the year it will provide well over half of the power used in the Far North. If we do not get consents to expand the existing plant we can only provide about a quarter of that annual requirement."