

Media Statement

1 June 2011

Genesis Energy takes ownership of Tekapo Power Stations

A new era in electricity generation and retailing formally began today (1 June 2011) with the sale of Tekapo A and B power stations to Genesis Energy.

Historically a North Island-domiciled energy company, the acquisition today of the Tekapo Stations transforms Genesis Energy into a truly national energy company, generating and retailing electricity and LPG to customers in both islands. Genesis Energy is also the largest retailer of natural gas in the North Island.

Genesis Energy Chairman, Dame Jenny Shipley, DNZM, said the acquisition would provide the Company and its customers with many benefits.

“Acquiring 185MW of South Island hydro generation provides our business with an immediate growth opportunity. Generation assets of this nature are not easily replicated and will provide us with a more balanced and diversified generation portfolio,” she said.

The purchase price for the Tekapo Stations of \$820,996,030 was paid in full today (1 June 2011). The purchase price was funded using Genesis Energy’s debt facilities and the net proceeds from the Company’s recent Capital Bonds issue.

Genesis Energy staff are now operating the Tekapo Stations, based at the Tekapo A Station. Genesis Energy has a successful track record of owning and operating hydro power stations in the North Island and will bring this experience, knowledge and skill to bear at Tekapo. Despatch of electricity from the Stations into the wholesale market will be managed from the Company’s Renewable Control Room at the Tokaanu Power Station.

Genesis Energy Chief Executive Albert Brantley said the Company would bring its high standards of engineering, operation and environmental management to bear at the Stations.

“As a generator with both renewable and thermal assets, we pride ourselves on our environmental standards and relationship with communities. The support of the communities in which we operate is what enables us to continue to bring energy to more than 650,000 homes and businesses across New Zealand.”

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“While we have already met with many people in the Tekapo community, over the coming months we will be working to build further connections in the district. We’d like people to know that we are accessible - our door is always open to the community,” Mr Brantley said.

Given the interaction between the Tekapo Stations and the rest of the Waitaki hydro scheme, Genesis Energy and Meridian Energy have entered into agreements addressing consenting and resource management issues in the Waitaki catchment, as well as a Water Management Agreement. The key objective of the Water Management Agreement is to achieve full compliance with all resource consents and to facilitate handling high flow events in the Waitaki catchment. The agreement also requires Genesis Energy to make minimum monthly releases from Lake Tekapo to Lake Pukaki.

To assist Meridian Energy to re-profile its generation volume commitments, the Sale and Purchase agreement includes a short-term hedge which requires Genesis Energy to sell a portion of the electricity output from the Tekapo stations to Meridian Energy, at market prices, with the hedge volume declining over four years to zero.

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