



Media Statement  
Friday, 5 February 2010

### **TrustPower Limited Third Quarter Operating Results for the Nine Months Ending 31 December 2009**

TrustPower's operating statistics for the nine months ending 31 December 2009 together with prior period comparatives are provided at the end of this announcement.

Total electricity sales were 3,169 GWh for the current reporting period which was a small increase on the prior period.

Electricity Customer numbers as at 31 December 2009 were 226,000 up 6,000 on the same time a year earlier, but 3,000 below the position at the end of the second quarter.

TrustPower's total New Zealand generation production for the reporting period was 1,620 GWh down 6 % on prior period primarily due to lower North Island hydro production during the first half of the current financial year.

The Tararua Wind Farm had a strong third quarter compared with prior period and the Snowtown Wind Farm production has been in line with expectation.

TrustPower's main hydro storage catchments are currently at or above average levels for this time of year following good inflows during the third quarter and early January 2010.

In late 2008 TrustPower engaged Oracle to deploy its Utilities Suite to replace TrustPower's existing customer information system in order to improve process efficiency. Following the completion of the design phase TrustPower and Oracle are now able to predict the duration and cost of the development and implementation of the system, and both of these features have exceeded the planned duration and cost established at the commencement of the project.

As a result TrustPower has decided to pause further implementation of the project in order to establish possible ways of reducing the project's cost and duration, and to consider alternative courses of action. In the meantime, TrustPower will continue to utilise its existing customer information system until a system with the enhanced characteristics that the Company seeks is chosen. The design phase of the project has been an extremely valuable exercise that has allowed TrustPower to establish a clear view of its system requirements and opportunities to improve efficiency, service and growth.

To date approximately \$9.5 million has been committed to the project including capitalised internal time and this is the limit of TrustPower's commitments to date. It is likely that a proportion of these costs will be impaired once a full review of available options has been completed over the next two to three months. The Company has completed a successful issue of 5 and 7 year senior bonds. An aggregate of NZD 140 million has been raised which has further strengthened the Company's balance sheet and debt maturity profile.

The Environment Court appeal hearing with respect to the Wairau hydro project is expected to be completed by the end of this month.

A mediation process is progressing with one appellant in relation to the Arnold hydro project. If a settlement is unable to be reached then an Environment Court hearing is scheduled to commence next month.

TrustPower is currently seeking pricing from preferred wind turbine suppliers for Stage I of a proposed wind farm near Lake Mahinerangi, west of Dunedin. This process will assist in determining whether the 30MW first stage is economic to progress at this time.

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TrustPower has recognised for some time the opportunity for the Coleridge hydro scheme to play an important part in delivering reliable capacity for landowners looking to develop or increase irrigation capability along the Rakaia River Plains in Canterbury. TrustPower is working with landowners, as well as Central and Local Government, to develop solutions to increase irrigation reliability in the region.

TrustPower is developing valuable relationships with landowners and, as a first stage in a wider irrigation development strategy, the Company has recently signed a long term agreement with a joint venture between Barhill Chertsey Irrigation Limited and Electricity Ashburton to supply water from the Rakaia River using the Company's Highbank generation facility.

In December 2009, the Government announced the outcome of the Ministerial Review into Electricity Market Performance with a package of measures intended to address competition, security of supply and governance arrangements.

The majority of the reform package confirms most of the recommendations made a few months earlier by the Advisory Group appointed by the Energy and Resources Minister.

A number of the proposed initiatives, such as transmission hedging mechanisms, will take time to work through and will require resolution through industry working groups and the Electricity Commission.

TrustPower supports the concept of scarcity pricing recommended by the Review Group as this will give more accurate market signals to promote a more robust and reliable electricity system when there are energy shortages. Price volatility is expected to increase as the result of some of the review recommendations and TrustPower will be well placed to cope with this market dynamic as most of its hydro generation assets are fast start and capable of meeting electricity demand peaks.

The Directors consider that given the performance to date and current market conditions a satisfactory financial result for the year is expected.

**BJ HARKER  
CHAIRMAN**

Operating Statistics	9 Months	9 Months	12 Months
	December 2009	December 2008	March 2009
Electricity customer numbers (000's)	226	220	227
Telecommunication services provided (000's)	32	30	30
Mass market sales (GWh)	1,633	1,579	2,007
Time of use sales (GWh)	1,536	1,587	2,025
<b>Total customer sales (GWh)</b>	<b>3,169</b>	<b>3,166</b>	<b>4,032</b>
Weighted average spot price of electricity purchased (\$/MWh)	47	143	120
North Island hydro generation production (GWh)	509	628	750
South Island hydro generation production (GWh)	672	681	819
Total hydro generation production (GWh)	1,181	1,310	1,569
Wind generation production (GWh)	439	410	558
<b>Total New Zealand generation production (GWh)</b>	<b>1,620</b>	<b>1,720</b>	<b>2,127</b>
Weighted average spot price of electricity generated (\$/MWh)	43	130	112
Australian wind production (GWh)	283	160	254
Resource consent non-compliance events	4	4	5
Staff numbers (full time equivalents)	412	383	394