



Market Announcement  
Thursday, 28 July 2011

### **TrustPower Limited First Quarter Operating Results for the Three Months Ended 30 June 2011**

TrustPower's operating statistics for the quarter ended 30 June 2011 together with prior period comparatives are provided at the end of this announcement.

The first quarter of the 2011 financial year has seen lower than average wholesale electricity prices due to above average hydro storage levels across the country.

TrustPower's New Zealand generation production was 705GWh in the first quarter, 27 per cent above same period last year and 20 per cent above expected long term average production. North Island hydro production in particular was very strong being 73 per cent up against prior period. North Island wind production was comparable to the prior period while the recently commissioned Mahinerangi Wind Farm in the South Island contributed 24GWh in the quarter.

New Zealand hydro storage levels have fallen close to long term average during July and wholesale spot electricity prices have begun to firm as a result.

The Snowtown Wind Farm produced 84GWh during the first quarter which was 24 per cent up on prior period and slightly below long term expectation.

Mass market customer sales were down 10 per cent for the first quarter compared with the first quarter of the prior period predominantly driven by lower average usage due to very mild temperatures during May and June. In contrast, Time of Use sales were up 5 per cent compared with prior period as TrustPower continues to place more product into this market. Mass market competition remains intense, particularly in the South Island. However, TrustPower has been successful in maintaining stable customer numbers via targeted acquisition campaigns during the period in the Southland, mid Canterbury and Tasman regions.

Final commissioning of the 9MW diesel peaking generation project at Bream Bay has been completed within budget.

Solid progress has been made on the replacement of our customer information systems with Gentrack's Velocity (GTV) solution. The design phase is now complete and the project team is now planning the build and execution phase. The installation of the new system is expected to be completed in the 2012 calendar year.

During the first quarter the Board has approved detailed design studies to be completed on two small scale hydro projects. The projects include a 3.8MW hydro scheme at Esk Valley in the Hawkes Bay which is expected to produce 15GWh per annum and a 2.6MW project at the existing Arnold hydro scheme on the West Coast which will better optimise the residual flow regime granted under the Arnold hydro resource consents. Initially this scheme is expected to generate 23GWh per annum and will reduce to 12GWh per annum if the proposed up to 44MW hydro generation scheme at Arnold is progressed.

Both schemes will progress to construction if the detailed design studies confirm the expected risk and return profiles of the initial business cases. The combined capital expenditure on the two projects is expected to be around \$28 million with construction targeted to start during the last quarter of 2011.

TrustPower continues to progress negotiations with preferred turbine supplies and offtake counterparties in relation to the development of Stage 2 of the Snowtown Wind Farm in South Australia. This project is likely to be between 215MW and 270MW depending on final turbine selection. The recent announcement by the Australian Government with respect to the introduction of a carbon tax from July 2012 followed by a transition to a market based emissions trading scheme from 2015 is a positive step towards creating an environment for further renewable energy development in Australia.

While it is too early to make predictions with respect to TrustPower's full year trading result the Directors are satisfied with the Company's year-to-date trading performance.



**BJ HARKER**  
**CHAIRMAN**

<b>Operating Statistics</b>	<b>3 Months June 2011</b>	<b>3 Months June 2010</b>	<b>12 Months March 2011</b>
Electricity customer numbers (000's)	220	221	221
Telecommunication services provided (000's)	35	34	35
Mass market sales (GWh)	455	506	1,877
Time of use sales (GWh)	571	543	2,156
<b>Total customer sales (GWh)</b>	<b>1,026</b>	<b>1,049</b>	<b>4,033</b>
Average spot price of electricity purchased (\$/MWh)	45	58	59
North Island hydro generation production (GWh)	277	160	780
South Island hydro generation production (GWh)	271	262	957
Total hydro generation production (GWh)	548	422	1,737
North Island wind generation production (GWh)	133	134	550
South Island wind generation production (GWh)	24		
Total wind generation production (GWh)	157	134	550
<b>Total New Zealand generation production (GWh)</b>	<b>705</b>	<b>556</b>	<b>2,287</b>
Average spot price of electricity generated (\$/MWh)	42	52	51
Australian wind generation production (GWh)	84	68	328
Resource consent non-compliance events	4	1	9
Staff numbers (full time equivalents)	439	417	424