

NEWS RELEASE

2 September 2013

NZX: MRP

ASX: MYT

New Ngatamariki Station boosts Mighty River Power's geothermal production, driving earnings growth

Mighty River Power today marked the completion and handover of its new 82MW Ngatamariki power station – expanding the Company's geothermal production to more than 40% of its total generation and contributing to strong earnings growth.

Mighty River Power's Chief Executive, Doug Heffernan, said the plant near Taupo was completed within the \$475 million forecast detailed in the Company's prospectus and had proven performance above design specifications in testing over the past three months.

"We're delighted with a project of this scale – the largest of its type in the world – to see it successfully completed, and with power output now expected to be 3MW (4%) higher than spec, which will be positive for the plant's economics and cash flow into the future. We also expect the project to come in slightly under the total cost forecast."

Dr Heffernan said the new station would add close to 700GWh of annual electricity production, equivalent to the electricity use of about 80,000 households. With the completion of the new Ngatamariki station, he said the Company now had about 2,800GWh or 40% of its production coming from low operating cost renewable geothermal which "gives us additional strength and resilience in our core business".

"This reliability of geothermal, as a major component of our portfolio, is a distinctive competitive strength for us in the New Zealand electricity market."

"The completion of this project is an important strategic milestone for Mighty River Power, and the key driver of the 27% growth in Operating Earnings we're forecasting this financial year (FY2014) above FY2013 results announced last week."

Mighty River Power's GM Development, Mark Trigg, said the plant reached full capacity for the first time at the end of June and had now successfully completed a continuous 30-day reliability run, enabling formal handover from the principal contractor Ormat Technologies Inc.

The plant had produced more than 150GWh during commissioning, contributing to cash flow. With the official handover, Ngatamariki has joined Mighty River Power's operating portfolio and the generation revenue is now recognised as income by Mighty River Power, rather than an offset to project cost.

Mr Trigg said: "This project has been more than a decade in the planning since the geothermal development rights over the land were secured with our partners in 2000. Today, as our third major geothermal project completed since 2008, this extends our successful track record in geothermal development in New Zealand.

"Particularly pleasing was the significant reduction in the Total Recordable Injury Frequency Rate (TRIFR) compared with the previous project (Nga Awa Purua) and vindicates the focus that we have been applying across the Company to improving Health and Safety outcomes.

"The completion of Ngatamariki also means the significant capital expenditure – of more than \$1.4 billion – that the Company has invested in geothermal assets in New Zealand over recent years is at an end, with Mighty River Power unlikely to build a new large power station here in the next three to five years due to the current weak electricity demand outlook," Mr Trigg said.

ENDS

NGATAMARIKI GEOTHERMAL POWER STATION – KEY FACTS:

- ❖ The geothermal reservoir covers an area of about **7 square kilometres**, and was identified as a high temperature geothermal resource in the 1950s
- ❖ **Mighty River Power and Tauhara North No.2 Trust jointly own the fuel rights** for the Ngatamariki geothermal reservoir
- ❖ **Geothermal fluid** from the site is used to generate electricity, with temperatures at the bottom of the production wells reaching up to **290 degrees Celsius**
- ❖ The Ngatamariki project was completed in **21 months**, from initial earthworks to handover, with **more than 1 million person-hours** worked on site. The **workforce peaked at about 450 people** – more than half were locals from the Taupo, Rotorua and broader Bay of Plenty region
- ❖ Health and Safety performance was significantly improved, with a **Total Recordable Injury Frequency Rate (TRIFR) for the Ngatamariki project of 0.98** compared with 3.54 for the previous major project (Nga Awa Purua)
- ❖ Ngatamariki comprises **7 geothermal wells** (3 production and 4 re-injection), each extending to depths of **more than 3,000 metres** underground. In addition, there are 21 sentinel and monitoring wells with depths of up to 1,500m. The wells have a **total depth of approximately 40km**
- ❖ The station's modular cooling system, **which makes up about 10% of the station site area**, consists of four units standing 15m high, with a **combined length of 300m** and covering about **2.5 rugby fields**
- ❖ Electricity generated at Ngatamariki travels to the National Grid via **8.5km of transmission line** at an **output of 220,000 volts**
- ❖ The Ngatamariki station normally runs 24/7, producing about **700GWh of electricity annually**, which is the equivalent of supplying electricity to approximately **80,000 households**.

 www.mightyriver.co.nz

For further information:

David Glendinging

Head of Communications

T 0272 105 337

Anna Hirst

Head of Investor Relations

T 0275 173 470

Mighty River Power is one of New Zealand's largest electricity companies – with its core business based on reliable, low fuel-cost electricity generation complemented by sales to homes and businesses.

The Company generates about 17% of New Zealand's electricity. It operates the nine hydro stations on the Waikato River, five geothermal power stations in the Central North Island and a multi-unit gas-fired station in Auckland. More than 90% of its electricity production is from renewable sources. Mighty River Power sells electricity through multiple channels and retail brands, including Mercury Energy, GLO-BUG, Bosco Connect and Tiny Mighty Power. Mighty River Power's metering business, Metrix, provides electricity retailers with advanced metering infrastructure solutions for their residential and commercial customers.

Mighty River Power is one of the world's largest geothermal power station owners, and has a successful track record in geothermal development, investing more than \$1.4 billion in geothermal development since FY2006. The Company is applying this capability and experience – gained through domestic geothermal exploration, development, construction and operations – to invest in international growth opportunities.