

MEDIA RELEASE

For immediate release

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Contact to close Otahuhu power station as NZ moves to greater share of renewable electricity generation

Contact Energy Limited (Contact) today confirmed its 400MW Otahuhu B power station will close on 30 September 2015.

“We have been considering the future of our gas-fired power stations for some time. Our decision to close our Otahuhu B station reflects the growth in renewable electricity generation, such as the new Te Mihi geothermal power station, which has effectively replaced Otahuhu in Contact’s portfolio” said Dennis Barnes, Contact’s Chief Executive.

Contact last month sought expressions of interest for the purchase of generation from the Otahuhu station and the outcome did not support continued operation of the plant. The recent announcement of a proposed closure of the Huntly power station was in line with Contact’s expectations and therefore did not impact on the Otahuhu decision. The closure of Otahuhu provides clarity and time for the market to make decisions.

“The role of thermal plant in New Zealand’s electricity future is to support renewable generation and the growth of new technologies. This is best met by fast-start, gas-fired peaking power stations rather than large baseload plants” Mr Barnes said. Contact’s Ahuroa gas storage facility, connected to its Stratford generation site, provides options that can support the ongoing transition to reduced thermal operations in New Zealand. To support this transition Contact intends to proceed with life extension works that will provide an additional 24,000 operating hours at its Taranaki combined cycle plant.

“I’d like to acknowledge the work our team at Otahuhu have done in recent years to adapt the operation of the station to better meet the changing needs of the market while we’ve considered the future of the plant. Our decision to close is no reflection on the team’s professionalism, which has seen the safe operation of the site through a three-year period of uncertainty. We have rewarded our team’s commitment and supported them through this time and will continue to do so during the closure process, including redeployment opportunities where suitable roles are available,” said Mr Barnes.

ENDS

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