

01

## Quarterly Performance

Market and Operational Information



*“Genesis Energy continues to deliver on its strategy and business performance”*

## INTRODUCTION

*This disclosure includes market and operational information for Genesis Power Limited, trading as Genesis Energy, for the quarter ending 30 September 2012 ("Q1").*

Genesis Energy's total generation was up 1.5%, thermal generation from the Huntly Power Station was up 3.3% and renewable generation was down 1.5% compared to the same period last year. However, improved hydro inflows in Q1 contributed to lower prices in the wholesale market over the period. The average Haywards reference prices were \$80.42/MWh in July, \$66.31/MWh in August and \$48.41/MWh in September 2012.

During Q1, Genesis Energy continued to optimise the performance of its generation assets, maintained its focus on delivering outstanding customer service, and continued the drive to reduce earnings volatility in pursuit of delivering stable cash flows and stable yield.

This drive for continued improvement in customer service was recognised with Genesis Energy (and retail brand Energy Online) being named finalists in the CRM Contact Centre awards. Delivering improved services has also resulted in a customer satisfaction rating of 92% in Q1 compared to 91% for the same period last year.

The continued focus on customers has also resulted in Genesis Energy's electricity market customer churn rate improving over Q1 2012/13, falling from 21% in June 2012 to 14% in September 2012<sup>1</sup>. This result is significantly favourable to the industry average, which has risen over the Q1 period.

In a highly competitive market, Genesis Energy has increased the number of its electricity customers by 3,068 (or 1%) in Q1 to 551,979 but seen a small decrease of 332 in gas customer numbers to 112,386 over the same period. Total customers of 672,620 were up in Q1 versus the previous quarter. At the end of Q1 Genesis Energy had 283,214 Advanced Meters installed, with more than 15,500 installations being completed during the three month period.

Genesis Energy has installed several energy efficient improvements into Tomorrow Street participant's homes in its efforts to deliver innovative solutions into the market that will meet the customer needs of tomorrow. Feedback has indicated the houses have saved 13% on their energy usage since the beginning of the trial. Phase two of the HomeIQ home energy management system project has also launched with the objective of recruiting 430 Genesis Energy customers and 50 staff members to trial the energy management system.

In July 2012, Genesis Energy commenced an advanced meter pricing tariff trial to a targeted group of customers in Christchurch, to supplement its existing North Island trial.

Genesis Energy will monitor the customers' energy usage patterns over the trial period to gauge the impact of the pricing trial.

In Q1, Genesis Energy employees had one lost time injury and two medically treated injuries, compared with one lost time injury and one medically treated injury for the same period last year.

Genesis Energy is investing substantially in comprehensive safety training for its staff through the use of the Sentis ZIP (Zero Incidents Process) training system. In Q1, 58 staff undertook ZIP Leaders' training.

The Company is also developing systems to aid the analysis of near miss incidents in order to better identify and communicate high risk activities and implement a robust investigation process for significant near miss incidents.

<sup>1</sup> Based on the number of ICPs (or points of connection).

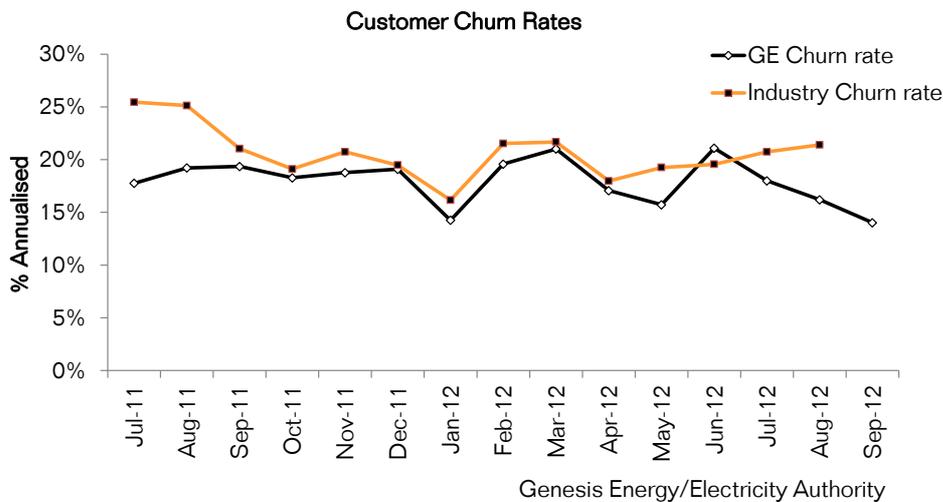
# MARKET INFORMATION

## CONSUMER MARKETS

Genesis Energy's electricity market customer churn rate improved over Q1 2012/13, falling from 21% in June 2012 to 14% in September 2012<sup>2</sup>. This result was also down from 19% for the same period last year. This improvement reflects the Company's focus on customer service. Total customer calls are down 30% year on year, average speed to answer a call is also down by 30% and the overall grade of service ('GOS')<sup>3</sup> is up year on year.

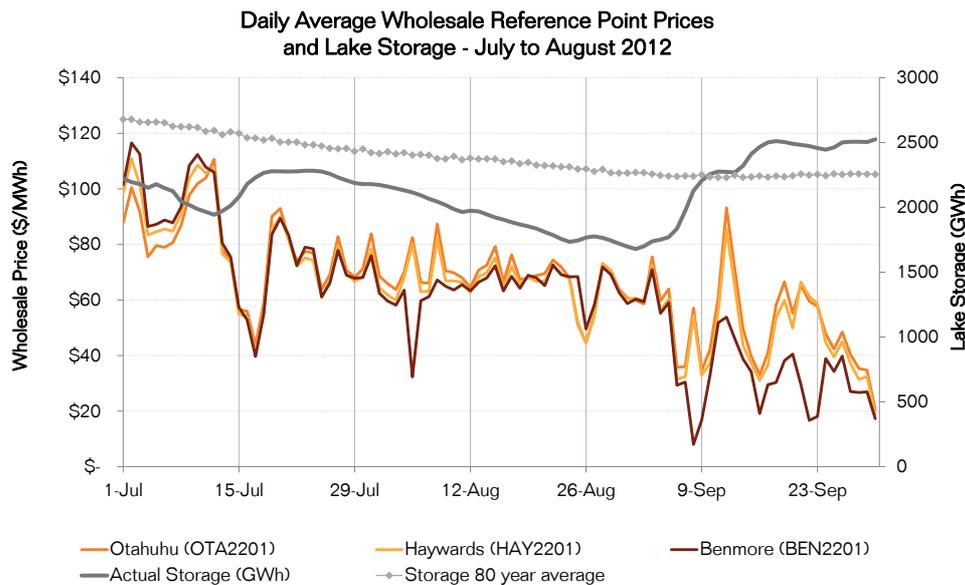
The Company's churn result has also moved favourably against the industry average, which has risen over the Q1 period. High industry churn rates have been driven by a competitive market and the Electricity Authority's 'What's My Number' campaign.

Genesis Energy's share of the electricity and gas markets at the end of September 2012 were 26.7% and 42.5%, respectively. Market shares for this period are slightly lower than the same period last year (electricity at 27.0% and gas at 44.2%).



## WHOLESALE MARKETS

Above average hydro inflows in Q1 contributed to lower prices in the wholesale market over the Q1 period. The average Haywards reference prices were \$80.42/MWh in July, \$66.31/MWh in August and \$48.41/MWh in September 2012.



Source: COMIT/Genesis Energy

<sup>2</sup> Based on the number of ICPs (or points of connection).

<sup>3</sup> The percentage of calls answered within the time frame specified by Genesis Energy.

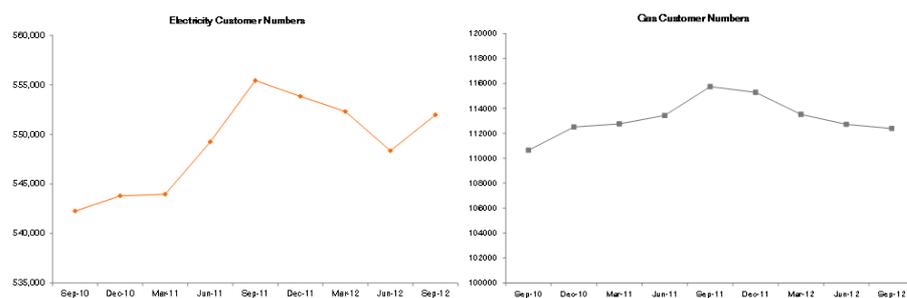
## CUSTOMER EXPERIENCE

### GROWING VALUE BY INNOVATION AND IMPROVING THE CUSTOMER EXPERIENCE

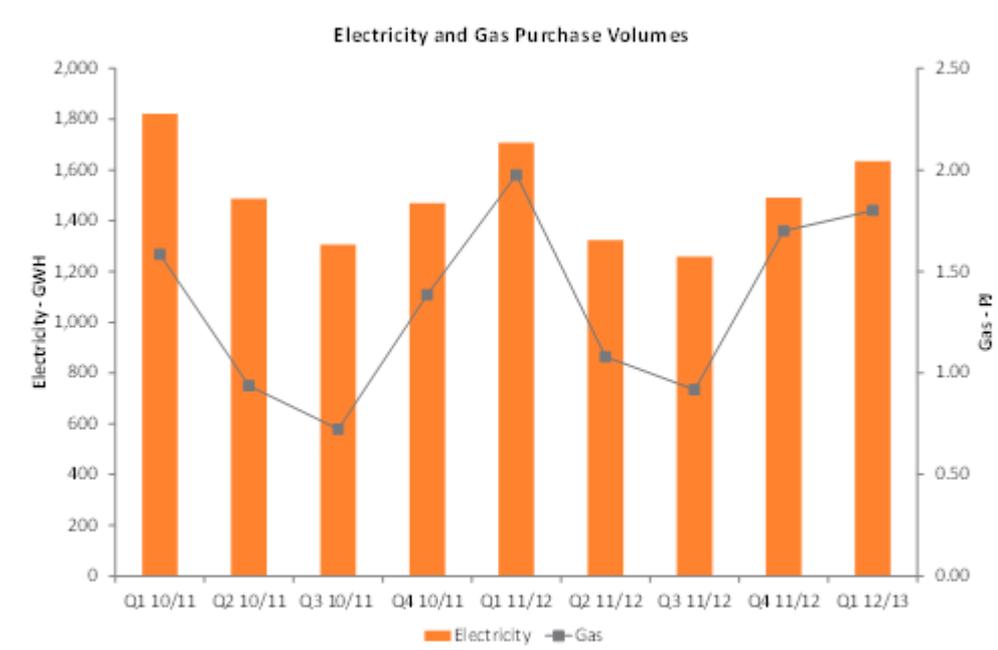
In a highly competitive market, Genesis Energy has increased the number of electricity customers by 3,068 (or 1%) in Q1 to 551,979 but has seen a small decrease of 332 in gas customer numbers to 112,386 over the same period.

Total customer numbers at the end of September 2012 were 672,620, up slightly compared to Q1 last year (671,200). Electricity customers have declined 1% or 3,469 and gas numbers by 3,360 or 3%. LPG customer numbers continued to grow, up 34% (2,087) in Q1 2012/13 compared to Q1 2011/12.

At the end of Q1 Genesis Energy had installed a total of 283,214 Advanced Meters, with over 15,500 installations being completed during the three month period.



Retail electricity sales volumes in Q1 2012/13 were down 5.2% (85GWh) on Q1 2011/12 and gas sale volumes at 2PJ were similar to the same period last year. LPG sales continued to experience strong growth - up 27.1% at 801 tonnes year on year. Retail electricity purchase volumes in Q1 2012/13 were down 4.3% (74GWh) on Q1 2011/12 and gas purchase volumes were down 6.4% (0.1PJ).



During Q1, Genesis Energy and retail brand Energy Online were finalists in the CRM Contact Centre awards reflecting the significant improvements that have been made in the operation of the Company's contact centre. Genesis Energy's focus on delivering great customer service has resulted in a customer satisfaction rating of 92% in Q1 compared to 91% for the same period last year.

Genesis Energy has installed several innovative energy efficient improvements into Tomorrow Street participants' homes over the last three months, as well as continuing the trial of the HomeIQ home energy management system. Feedback from the participants has indicated the houses are now substantially warmer and more comfortable. Since the beginning of the programme the 15 participants have saved, on average, 13% on their energy usage.

Phase two of the HomeIQ project has launched with the objective of recruiting 430 Genesis Energy customers and 50 staff members to trial the energy management system.

In July 2012, Genesis Energy commenced an advanced meter pricing tariff trial to a targeted group of customers in Christchurch, to supplement its ongoing trial in the North Island. The new tariffs became effective from 1 August for all the 44 customers who elected to participate in the trial. These customers will receive their first invoice in September 2012. Genesis Energy will monitor the customers' energy usage patterns over the trial period to gauge the impact of the pricing trial.

## ENERGY MANAGEMENT

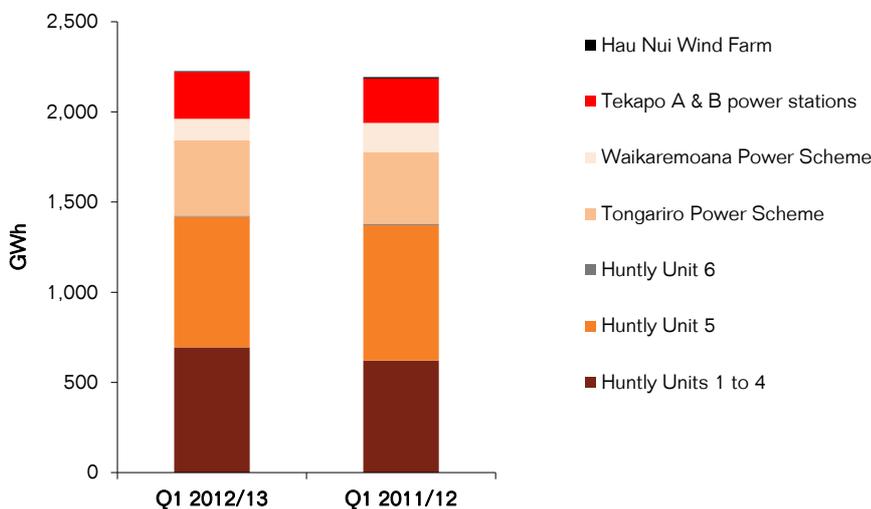
### DIVERSE, FLEXIBLE AND STRATEGIC GENERATION PORTFOLIO

Genesis Energy's total generation in Q1 was up 1.5% at 2,226GWh, compared to 2,193GWh in the same quarter last year.

Thermal generation was up 3.3% at 1,424GWh in Q1 2012/13 compared to 1,380GWh in Q1 2011/12, reflecting higher coal-fired generation from Huntly Units 1 to 4 in July and August 2012.

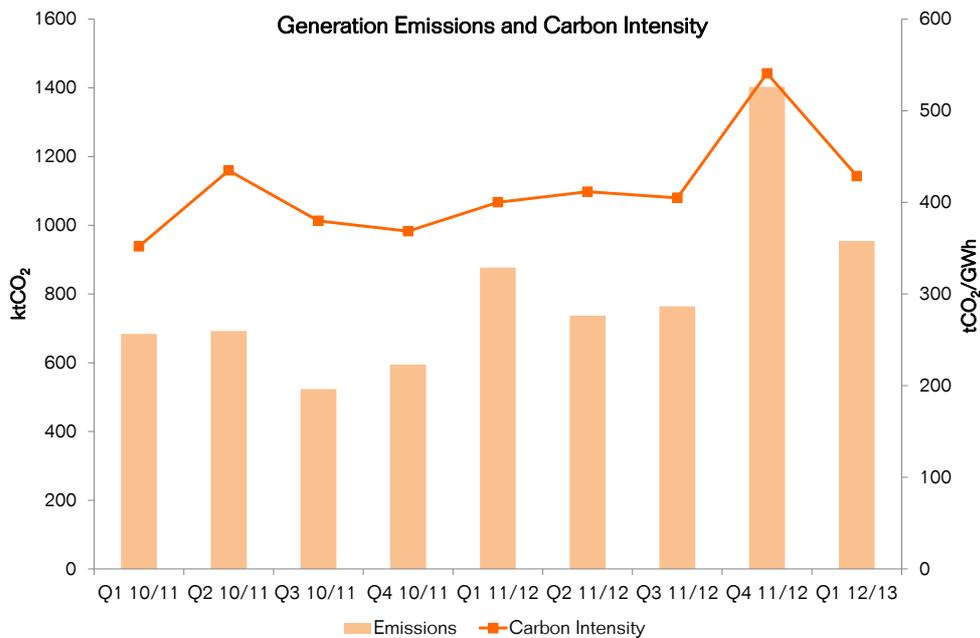
Renewable generation was down 1.4% at 802GWh for Q1 2012/13, compared to 813GWh for the same period last year. South Island hydro generation in Q1 was higher than the same period last year.

Genesis Energy Generation - Q1 2012/13



The coal stockpile at 996 kilotonnes is down 33% on the same period last year (1,484 kilotonnes).

Genesis Energy's generation emissions were 954ktCO<sub>2</sub> in Q1, which was up 8.6% on 879ktCO<sub>2</sub> in Q1 2011/12. The Company's generation portfolio carbon intensity in Q1 2012/13 at 429tCO<sub>2</sub>/GWh was up 7.0% compared to 401tCO<sub>2</sub>/GWh for the same period last year, due to a higher level of coal-based generation.



Genesis Energy’s share of Kupe gas sales was 1.6PJ for the first quarter. This was down 12% on the same period last year. Oil sales at 159kbbl in Q1 were 36.2% above the same period last year, while LPG sales at 6.1kilotonnes were down 16.3% on Q1 2011/12. The Kupe oil and gas field continues to deliver the Company strong earnings and cashflows.

The Company’s Volcano Action Plan was initiated in Q1 of this year in response to the volcanic eruption of Mt Tongariro in early August 2012. The Tongariro Power Scheme was shut down for 13 hours. During this time, the water quality was assessed before allowing the recommencement of generation at the power scheme.

Detailed planning work continues in preparation for the December 2012storage of the first of the 250 MW coal/gas fired units at Huntly .

On 28 March 2012, Genesis Energy announced the Company’s programme for remediation work to parts of the Tekapo Canal, which will include lining of selected sections of the canal with a PVC material. In October 2012, Genesis Energy announced that Swiss canal lining company Carpi Tech had been selected to supply the materials for the project, which is expected to commence on 14 January 2012. The project will be completed over a two year period, involving two 14-week outages over the next two summers.

In August 2012, Genesis Energy and EnerNOC launched a new corporate and industrial demand management product, ‘Demand Smart’. This offering allows commercial and industrial customers to offer their load for management by EnerNOC/Genesis Energy, such as at times of high prices, in return for a fee. The offering will be led by EnerNOC and supported by the Genesis Energy Corporate Sales team.

## HEALTH AND SAFETY

### HEALTH AND SAFETY PERFORMANCE

In Q1, Genesis Energy employees had one lost time injury and two medically treated injuries, compared with one lost time injury and one medically treated injury for the same period last year.

Total Recordable Injury Frequency Rate for the quarter is 6.94 compared to 4.61 for the previous quarter.

Near miss reporting and Hazard Identification has significantly increased with 168 reported near miss incidents. This is a strong improvement compared with the same period last year (95 reported near miss incidents). Systems are being developed to aid the analysis of these reports to better identify and communicate high risk activities and implement a robust investigation process for significant near miss incidents.

Genesis Energy is investing substantially in comprehensive safety training for its staff through the use of the Sentis ZIP (Zero Incidents Process) training system. In Q1, 58 staff undertook ZIP Leaders' training.

There have been no Department of Labour notified incidents in Q1. The serious harm incident notified to the Department of Labour during the 2012 financial year has since been reclassified as a medical treatment. The notified injury was diagnosed as a contusion rather than a hairline fracture as initially reported.

Genesis Energy had a total of 946 full time equivalent employees as at 30 September 2012, compared to 961 as at 30 September 2011.

## OUTLOOK

### MARKET OUTLOOK

NIWA's October 2012 Seasonal Climate Outlook<sup>4</sup> for Spring and early Summer indicates that rainfall is likely to be above normal or near normal in the north and west of the North Island, as well as in Nelson-Marlborough, and near normal in the rest of the country over the next three months, and air temperatures are likely to be near average or above average in all regions.

The market outlook is generally for lower wholesale prices with the current and forecast average and above average rainfalls combining with a negative outlook on demand growth to significantly depress consensus outlook from a quarter ago. In addition the last three years have seen a disconnect between GDP and national electricity demand growth which has remained flat. This is seen on the ASX futures market with indications that wholesale electricity prices will range between \$62/MWh in the North Island and \$32/MWh in the South Island by December 2012<sup>5</sup>. Both lake levels and inflows are sitting above average for this time of the year<sup>6</sup>.

Looking forward the ASX strip has dropped by some 10% over the next three years reflecting the recent Norske Skog announcement and uncertainty over the Tiwai Point smelter as well as hydrology. For Genesis Energy this negative wholesale outlook plays well to its dominant retail position.

Gas prices are expected to remain steady with long term contracts underpinning the thermal generation market and methanol prices for Methanex remaining firm off the back of strong exports to Asia, despite a strong dollar, providing an export led floor to gas supply prices.

<sup>4</sup> Dated 1 October 2012

<sup>5</sup> ASX update as at 15 October 2012.

<sup>6</sup> Lake storage was 111% and inflows was 104% of average, as at 15 October 2012.

## BUSINESS OUTLOOK

On 8 May 2012, Genesis Energy provided its response to the Hearing Panel on its Castle Hill Wind Farm (“CHWF”) Preliminary Decision, and the Hearing was officially closed on 18 May 2012.

The final decision on the consent application for the CHWF was received on 11 June 2012. The decision grants all consents sought by Genesis Energy, however, it places limitations on the project in relation to turbine scale (tip height and rotor diameter), restrictions on some turbines in proximity to some property boundaries, and fails to grant the northern seven kilometres of the proposed 28 kilometre internal 220kv transmission line. Appeals to the Environment Court were lodged by Genesis Energy on 2 July 2012, as well as two other parties.

The Environment Court has set down formal mediation proceedings for 8 and 9 November 2012 in Masterton.

# APPENDIX A: OPERATIONAL INFORMATION

## Operational Information

Genesis Energy Operational Information*	First Quarter (July to September)			
	2012/13	2011/12	% Change	Change
<b>Market Information</b>				
<b>Customer-focus</b>				
Electricity Market Share (%) [1]	26.7%	27.0%	-1.0%	-0.3
Gas Market Share (%) [1]	42.5%	44.2%	-3.9%	-1.7
<b>Customer Experience</b>				
<b>Customer-focus</b>				
Customer Satisfaction (%) [2]	92	91	0.7%	1
Total Advanced Meters Installed During Period (#)	15,539	28,964	-46.4%	-13,425
Total Advanced Meters Installed To Date (#)	283,214	207,066	36.8%	76,148
<b>Customer Numbers</b>				
Total Customer Numbers (#) [3]	664,365	671,194	-1.0%	-6,829
<i>Total Customers by Product:</i>				
Electricity Customer Numbers (#)	551,979	555,448	-0.6%	-3,469
Gas Customer Numbers (#)	112,386	115,746	-2.9%	-3,360
LPG Customer Numbers (#)	8,255	6,168	33.8%	2,087
<i>Total Electricity Customers by Location:</i>				
North Island Electricity Customer Numbers (#)	478,587	500,190	-4.3%	-21,603
South Island Electricity Customer Numbers (#)	73,392	55,258	32.8%	18,134
<b>Customer Volumes and Price</b>				
Retail Electricity Sales (GWh)	1,543	1,628	-5.2%	-85
Retail Gas Sales (PJ)	2.0	2.0	-2.3%	0.0
Retail LPG Sales (tonnes)	801	630	27.1%	171
Retail Electricity Purchases (GWh)	1,634	1,708	-4.3%	-74
Retail Gas Purchases (PJ)	1.8	2.0	-6.4%	-0.1
Average Retail Electricity Purchase Price (\$/MWh) [4]	71.55	85.13	-16.0%	-\$ 13.58
<b>Energy Management</b>				
<b>Generation</b>				
Total Generation (GWh)	2,226	2,193	1.5%	32.9
<i>Generation by Fuel Source:</i>				
Gas (GWh)+	767	824	-6.9%	-57
Coal (GWh)+	657	555	18.4%	102
Hydro (GWh)	797	806	-1.1%	-9
Wind (GWh)	5	7	-38.3%	-2.8
<i>Generation by Fuel Type:</i>				
Thermal (GWh)	1,424	1,380	3.3%	45
Renewable (GWh)	802	813	-1.4%	-11
<i>Generation by Location:</i>				
North Island (GWh)	1,967	1,946	1.1%	21
South Island (GWh)	260	247	5.2%	13
Average Price Received for Generation (\$/MWh) [4]	67.32	81.11	-17.0%	-\$ 13.80
Generation Emissions (ktCO <sub>2</sub> )	954	879	8.6%	75.2
Generation Carbon Intensity (ktCO <sub>2</sub> /GWh)	429	401	7.0%	27.9
<b>Fuel</b>				
Gas Purchases (PJ)	10.6	13.5	-21.2%	-2.9
Coal Purchases (PJ)	6.5	5.8	11.3%	0.7
Wholesale Gas Sales (PJ)	3.0	5.2	-42.5%	-2.2
Wholesale Coal Sales (PJ)	0.7	0.9	-20.9%	-0.2
Gas Used In Internal Generation (PJ)	5.8	6.3	-8.3%	-0.52
Coal Used In Internal Generation (PJ)+	7.4	6.2	19.4%	1.2
Coal Stockpile - closing balance (kilotonnes)	996	1,484	-33%	-488
<b>Kupe Oil and Gas Field Investment</b>				
<b>Genesis Energy Sales Share</b>				
Gas Sales (PJ)	1.6	1.8	-12.2%	-0.2
Oil Sales (kbbbl)	159	117	36.2%	42
LPG Sales (kilotonnes)	6.1	7.3	-16.3%	-1.2

### Notes:

[1] September 2011 and 2012 market shares based on published customer records from the Electricity Authority (includes active accounts only) and Gas Industry Company.

[2] Based on the survey question: "Thinking about all aspects of the service provided to you, how satisfied are you with the overall performance of Genesis Energy, where 0 is extremely dissatisfied and 10 is extremely satisfied."

[3] Based on Genesis Energy customer records. Includes vacant accounts. Excludes LPG customers.

Note: Electricity and gas customers are defined by number of connections. LPG is defined by number of customers.

[4] Excludes settlements from electricity derivatives.

\* Customer Experience segment covers retail activities. Energy Management segment covers generation and trading activities.

+ Results have been revised to reflect changes in coal kilotonnes to PJ conversion rate and volume methodology