

## NEWS RELEASE

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ASX: MYT

# Renewables growth behind closure of Southdown thermal station

**Mighty River Power today confirmed that its gas-fired Southdown power station will close at the end of the year in response to significant growth in renewable generation in New Zealand.**

Chief Executive Fraser Whineray said the 140MW Southdown station in Auckland had played a very small role in Mighty River Power's portfolio in past two years, representing just 5% of the Company's generation, and less than 1% of New Zealand's total electricity demand. The plant has high running costs compared with large renewable electricity plants, such as hydro and geothermal.

The Southdown station is expected to close on 31 December 2015, and will then be dismantled for sale overseas. The Company has been working closely with Southdown's 17 employees to explore future opportunities with them.

Major investment in renewable electricity generation in New Zealand over the past decade has "squeezed out large volumes of gas and coal-fired generation out of New Zealand's electricity mix, because they're less economic to run," Mr Whineray said. In total there has been a reduction of more than 4,000GWh of thermal fuel commitments since 2013, representing more than 10% of the total generation in New Zealand. This reflects the renewable advantage of New Zealand – one of the world leaders.

Mighty River Power has invested more than \$1.4 billion in reliable base-load geothermal, including the completion of three major geothermal power plants since 2008.

This investment has strengthened and grown the Company's generation base, with geothermal now making up over 40% of the Company's portfolio and complementing the Waikato Hydro System – the fastest peaking plant in the North Island – located close to Auckland, the country's largest demand centre.

"Mighty River Power has demonstrated through prolonged periods of very dry conditions over the past two financial years, when hydro inflows have been at record low levels, the resilience that comes from having two large and complementary renewable fuels to draw from, combined with a liquid hedge market and a strong national grid."

The Southdown station (excluding land) has a historic cost book value of approximately \$50 million and Mighty River Power will confirm any accounting impacts in its normal financial reporting process.

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 [www.mightyriver.co.nz](http://www.mightyriver.co.nz)

### For further information:

**David Glendining**  
Head of Communications  
T 0272 105 337

**Anna Hirst**  
Head of Investor Relations  
T 0275 173 470

**Mighty River Power** is a company with a great New Zealand heritage, and a leader in this country's electricity industry. Our core business is focused on harnessing natural resources to produce electricity.

Every year the power stations operated by Mighty River Power generate enough electricity for about 1 million New Zealand homes. We are proud to be more than 95% renewable and, through our listing on the New Zealand Stock Exchange (NZX: "MRP") and the Australian Stock Exchange (ASX: "MYT"), to have over 100,000 shareholders alongside the Crown as our majority owner.

Mighty River Power supplies electricity to about 1-in-5 homes and businesses across New Zealand, through our flagship brand Mercury Energy and other specialty brands. Our metering business, Metrix, the second largest meter provider in New Zealand, is building an important strategic platform with a growing network of 'smart' meters and services to electricity retailers and their customers. We are one of the world's largest geothermal power station owners.