



MARKET RELEASE
Date: 6 August 2015

Genesis Energy Limited (GNE) announces timetable to end coal-fired generation in New Zealand

Genesis Energy announced today that its last two coal-burning electricity generators at the Huntly Power Station will be permanently withdrawn from the market by December 2018, signaling the end of large scale coal-fired generation, and associated carbon emissions, in New Zealand.

Genesis Energy Chairman Dame Jenny Shipley said, “While the Huntly Power Station has been, and remains, a great asset for Genesis Energy, the Board has taken the decision to retire the remaining Rankine Units. New Zealand’s changing electricity market has seen improvements in the management of dry year events, along with a significant decrease in coal-fired generation, and by 2018 the two coal units will no longer be required unless market conditions change significantly.”

Chief Executive Albert Brantley said the Company has been on track to retire the four coal/gas fired Rankine units since 2009.

“The development of lower cost renewable generation, principally wind and geothermal, investment in the HVDC link, and relatively flat growth in consumer and industrial demand for electricity have combined to reinforce the decision to retire the remaining Rankine units, which will deliver further operational efficiencies to Genesis Energy,” he said.

Electricity generation will continue at the Huntly site for years to come from the two existing gas-fuelled units, the high efficiency 400MW Unit 5, and the smaller 50 MW open cycle Unit 6. In addition, the site remains extremely well positioned to develop additional thermal peaking capacity, should that be required in the future.

“The decision to close the Rankines has been taken after significant assessment of the Company’s generation position, our ability to meet our ongoing commitments to our customers, and the impact on our loyal employees who have skillfully run these units for many years, as well as external stakeholders. These units have largely been operating at the margin of the market for a number of years, at very low utilisation rates. We expect this decision to produce operational and capital cost savings of approximately \$20 to \$25 million per annum,” Mr Brantley said.

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The closure will have a positive impact on overall CO₂ emissions in New Zealand, moving the New Zealand electricity generation sector closer to its 90% renewable target. At their peak, the units emitted around 5,000 kilotonnes (kt) of CO₂ per year – amounting to around 5% of New Zealand's total greenhouse gas emissions.

With decreased utilisation of the Rankine units, and recent commissioning of more efficient gas generation on site, carbon emissions at Huntly dropped to around 2,300kt in the 2015 financial year, and will drop significantly after 2018.

Genesis Energy's coal supply contract with Solid Energy expires in June 2017. With around 700,000 tonnes of coal in its own stockpiles, ongoing coal deliveries until June 2017 and ample supplies of natural gas, Genesis Energy has no fuel availability issues at the Station. The two units will continue to burn scheduled coal deliveries and coal stockpiled at the Station until coal is exhausted and will then operate solely on gas, if required, for the remainder of their operational life.

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About Genesis Energy

Genesis Energy (NZX: GNE) is a diversified New Zealand energy company. It sells electricity, reticulated natural gas and LPG through its retail brands of Genesis Energy and Energy Online. It is New Zealand's largest energy retailer with around 650,000 customer accounts. The Company generates electricity from a diverse portfolio of thermal and renewable generation assets located in different parts of the country. Genesis Energy also has a 31% interest in the Kupe Joint Venture, which owns the Kupe Oil and Gas Field offshore of Taranaki, New Zealand. Genesis Energy had revenue of \$NZ2bn during the 12 months ended 30 June 2014. More information can be found at www.genesisenergy.co.nz