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25 January 2018

**Proposal to re-settle the Tauranga Energy Consumer Trust and cease to pay the TECT cheque to Trustpower customers in the Tauranga / Western Bay of Plenty region**

The trustees of the Tauranga Energy Consumer Trust ("TECT") – a 26% shareholder in Trustpower – have announced their intention to consult on a proposal which will, in effect, move all the assets of TECT into a separate charitable trust and wind up TECT. TECT has advised that, as a result, Trustpower's electricity customers in the Tauranga / Western Bay of Plenty region who are the principal beneficiaries of TECT will, from a specified date (currently proposed by TECT to be from 2023), no longer receive their annual TECT cheque.

Although Trustpower has been in confidential discussions with TECT's trustees concerning their proposal, the only direct information that Trustpower has received in respect of the proposal announced by TECT is in their letter to us received late on 24 January (attached). TECT asked Trustpower to support this proposal, which we declined to do. Trustpower is aware that TECT has made various statements to media.

What the trustees are proposing to do will fundamentally and permanently change the nature and purpose of TECT. TECT was established in 1993 to hold Trustpower shares on trust to benefit Trustpower's electricity customers in the Tauranga / Western Bay of Plenty region. Even as Trustpower has grown and diversified its generation and retail business over the last 25 years, it has remained a local Tauranga business. Trustpower's relationship with TECT solidifies Trustpower's links to the Tauranga community, so that the success of Trustpower is the success of its local electricity customers.

Trustpower will therefore be scrutinising the impact of this proposal on its local customers, and will be seeking feedback from these customers before forming a view on what actions it should take in respect of this proposal. It will also be taking legal advice as to whether the trustees' proposed actions are lawful (given the fundamental change to the nature and purpose of TECT).

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