

Geothermal as a competitive strength



MIGHTY RIVER POWER

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New Zealand Geothermal Workshop



MIGHTY RIVER POWER

Industry Update by:
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Highlights of FY2013

- > Transition to a listed company
- > Financial results above IPO forecast
- > 96.5% availability of geothermal generation
- > Direct control of international geothermal
- > Commissioning of Ngatamariki geothermal power station



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World leader in Geothermal

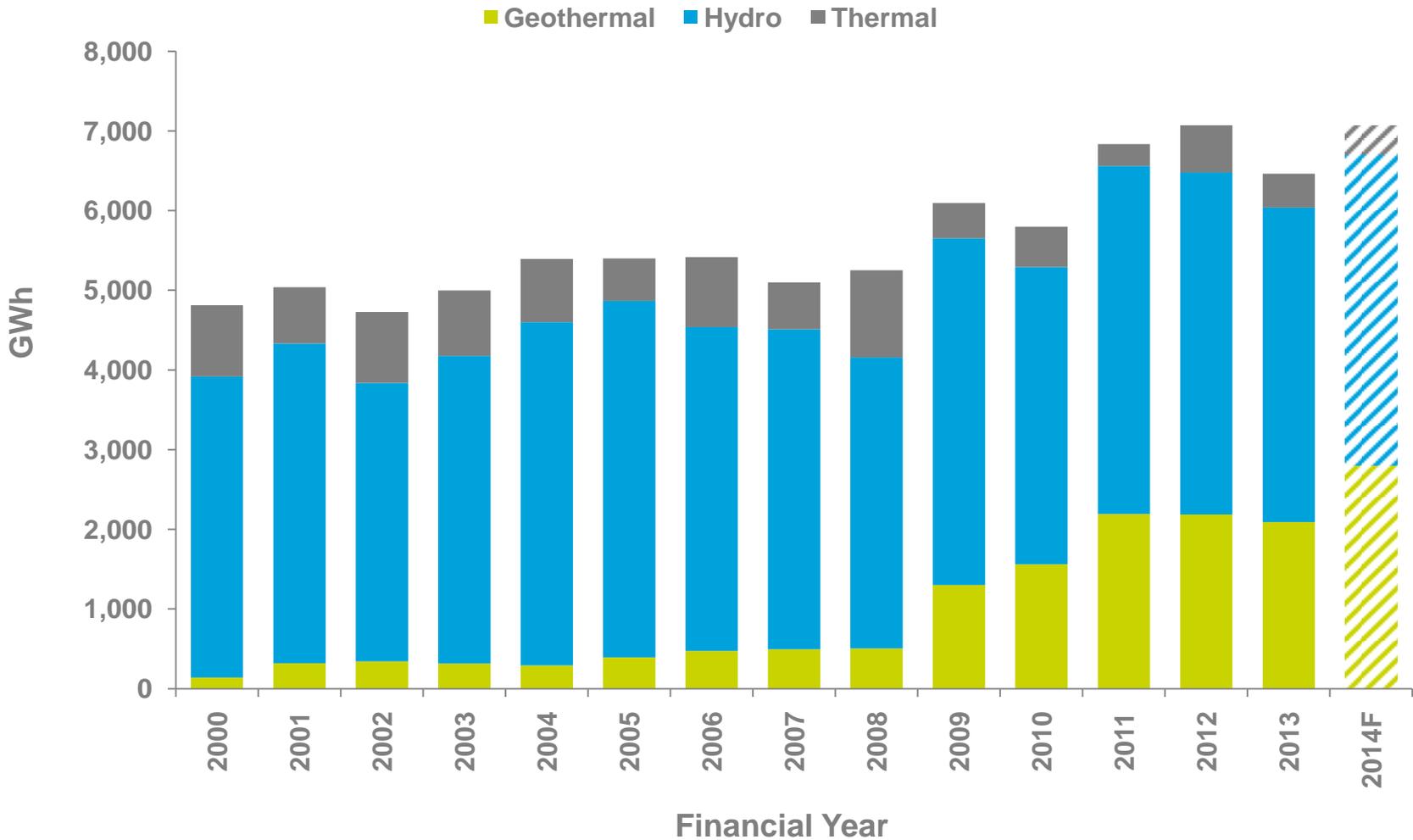
- > More than \$1.4 billion invested in geothermal development since 2006 with successful completion of three major projects since 2008
- > Company established as a world leader in growing global niche.
- > Geothermal a distinctive competitive strength for Mighty River Power
- > Reliable 'premium' geothermal now makes up more than 40% of annual output.
- > Company has built up institutional knowledge in:
 - > geothermal risk assessment
 - > development capability
 - > technical resource capability
 - > geothermal operations
- >

Proven track record

Mighty River Power has delivered three successful geothermal power projects in New Zealand since 2008

- > 100MW Kawerau Power Station (completed 2008)
- > 138MW Nga Awa Purua Power Station (completed 2010)
- > 82MW Ngatamariki Power Station (completed 2013)

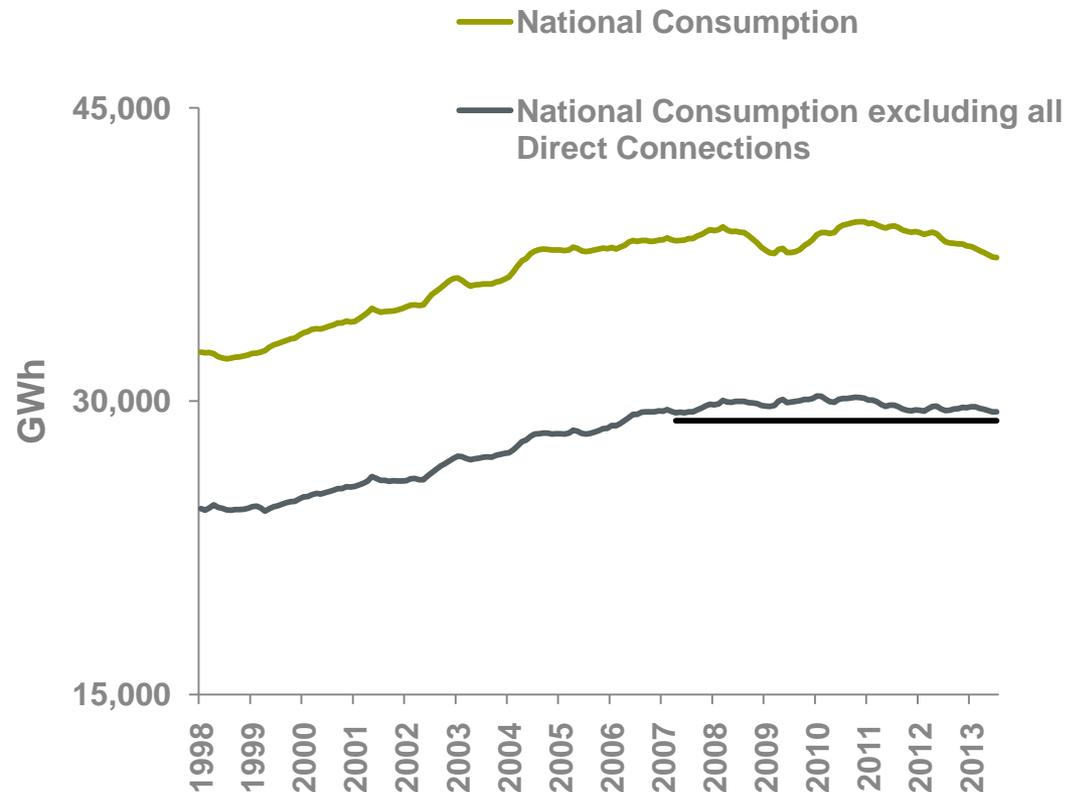
Generation – three complementary fuel sources



Demand and supply

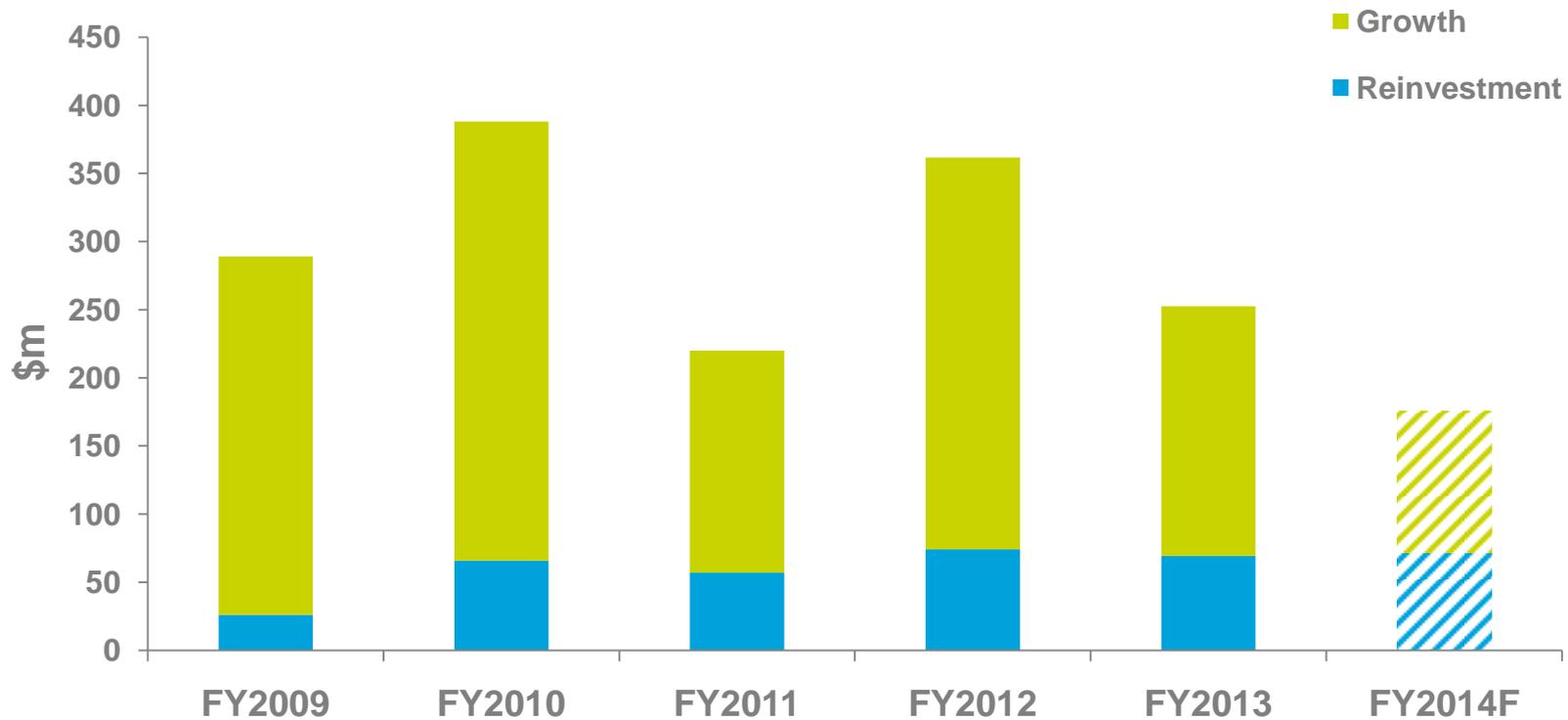
National demand

- > Excluding industrial, demand flat over last six years
- > Meridian Tiwai negotiations more positive than expected
- > Renewables and particularly geothermal continue to displace fossil fuel generation



Capital expenditure

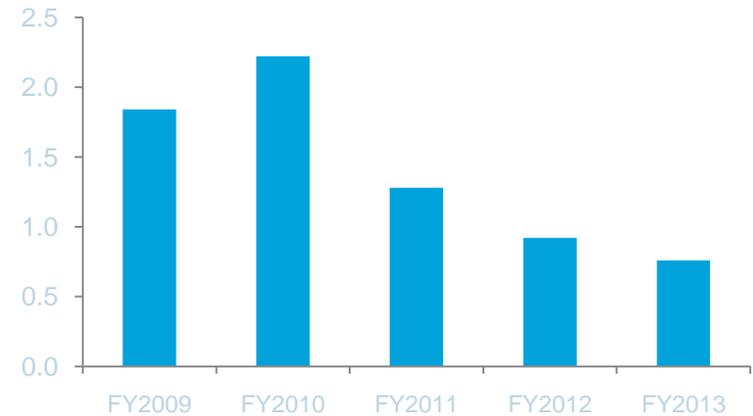
- > Completed \$1.4 billion geothermal development programme
- > Continue to invest \$53-\$103 million growing business and \$72 million into our existing assets in FY2014



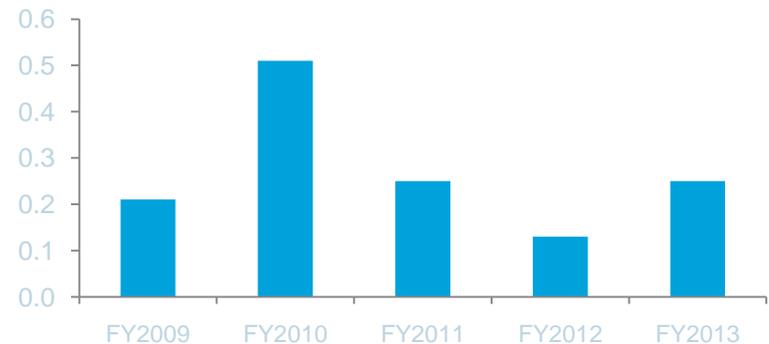
Health & Safety

- > Zero harm' is an absolute priority
- > StayLive generators' group
- > TRIFR below electricity sector averages
 - > Ngatamariki project TRIFR (involving 1 million person-hours) of 0.98 vs 3.54 for last major project (Nga Awa Purua)
- > LTIFR at similar levels for the last 5 years
- > Focus with contractors on early identification of risks of serious harm or fatality.
- > Sentenced for 'near-miss' incident in September 2013

TOTAL RECORDED INJURY FREQUENCY RATE



LOST TIME INJURY FREQUENCY RATE (EMPLOYEES AND ON-SITE CONTRACTORS)



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Health and Safety

Setting the benchmark for management of gases

- > Reviewed personal gas detection across the Geothermal business
- > Identified the need for carbon dioxide measurement
- > Standardised on 5-gas personal gas detectors across Geothermal business, deploying over 40 detectors
- > Installed docking stations at each site for bump testing and calibrations

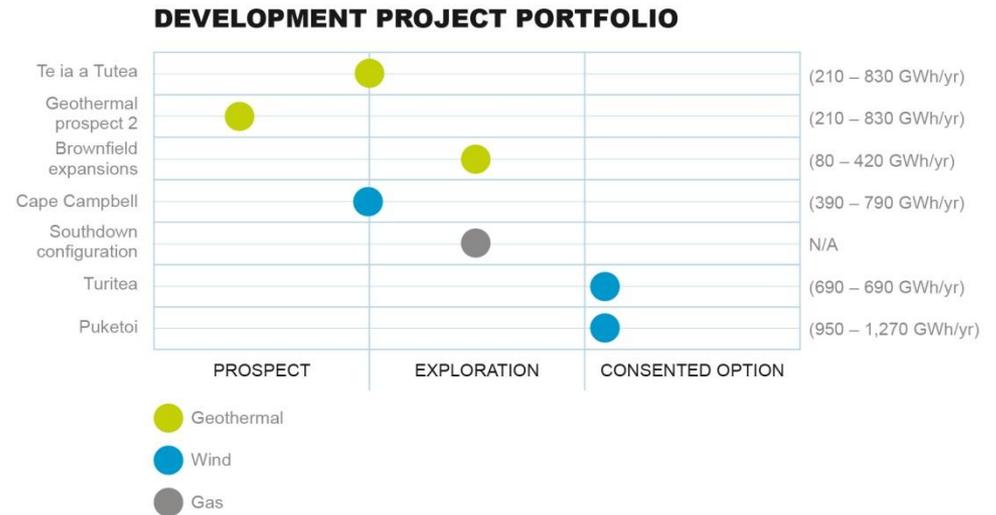


Changing geothermal focus

- > Flat demand outlook – unlikely to build a major power station in New Zealand in the next 3-5 years.
- > Applying our globally rare geothermal expertise to invest in international growth opportunities – patient and measured approach:
 - > Chile
 - > US, Salton Sea
- > The small size of the global geothermal market created opportunity to leverage that strategic capacity not held in any other fuel sources
- > Route to maintain institutional knowledge in absence of new domestic opportunity

Domestic activity curtailed consistent with demand requirements

- > Small focused number of opportunities being maintained
 - > wind and geothermal preferred
 - > Large scale wind options – Puketoi, Turitea and competitors
- > Other lesser opportunities not progressed
- > Lower touch/lower cost approach as we await market recovery
- > Adjusted the level of resources in the business.



US overview

- > Initial USD92m investment:
 - > 20% holding in EnergySource
 - > preferred equity interest in John L Featherstone Plant
 - > post construction refinancing led to lump sum distribution of USD118m
- > Resourcing:
 - > EnergySource has operational and development teams based in San Diego and Salton Sea
 - > hold one (of three) board seats
 - > interaction at management and technical levels giving direct access to information
- > Best potential for meeting US demand for renewables:
 - > Near-term opportunities for further investment



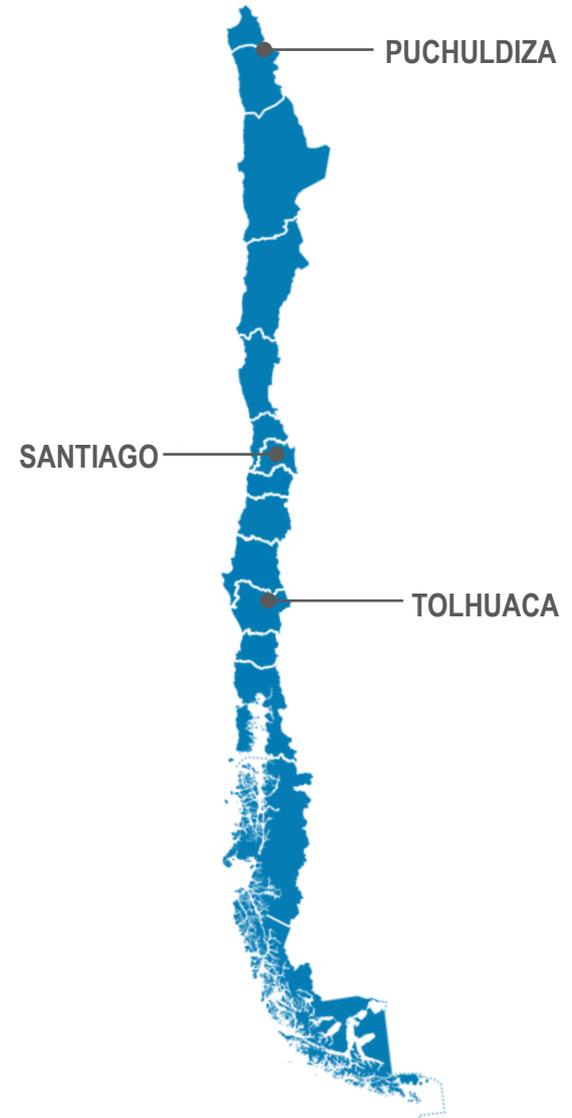
Chile overview

Geothermal potential

- > Large number of geothermal fields throughout Chile
- > Mighty River Power has direct ownership of two of the top concessions:
 - > Tolhuaca (central Chile)
 - > Puchuldiza (northern Chile)

Market potential

- > Strong growth economy (resources driven)
- > Strong electricity demand growth
- > Recognised electricity supply challenges
- > Politically stable
- > Good regulatory regime and established institutions
- > Deep and sophisticated capital markets for infrastructure investment
- > Longterm attractive outlook



Geothermal development

- > Patience is necessary – in line with commercial conditions
- > Partnerships require alignment of incentives and preferably:
 - > complementary strategic capabilities
 - > robust financial capacity of each partner
- > Scale becomes valuable to spread technical platform costs
- > Risk diversification is valuable:
 - > through multiple fields for resource diversity
 - > different jurisdictions enable regulatory and pricing risk diversity
- > A detailed understanding of market dynamics is important:
 - > a core strength in home market – apply successful New Zealand model offshore.
 - > a key strategic capability sought in partners for other jurisdictions
- > Staged development is a rational response to long-term resource uncertainty
- > Overheads need to be managed through the development cycle
- > Priority around current investment in US and Chile