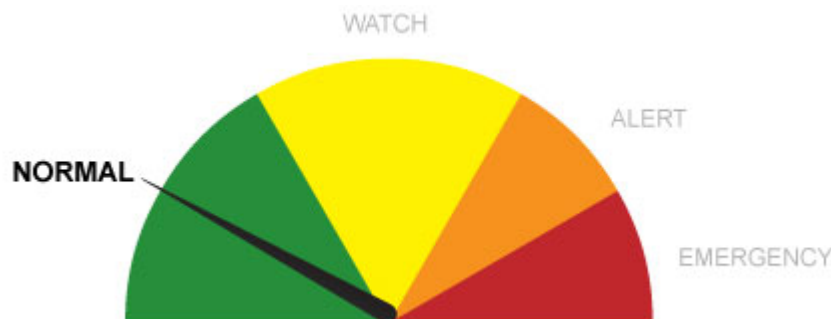


This is a condensed version of the Current Outlook for printing.
You can view the full Current Outlook at <http://supplyline.electricitycommission.govt.nz>.

Current Outlook – 31 July 2009

The current risk level is **Security Normal**.



The risk of electricity shortages in the next few months is assessed to be very low (though, in the unlikely event of a natural disaster or multiple equipment failures, the situation could change quickly).

Your power supply can be interrupted any time of day or night due to sudden and unexpected events (such as damage to power lines). Such interruptions are usually quite localised, with power restored as quickly as possible. This Outlook does not provide information about these types of events; rather, it assesses the risk of extended, widespread shortages - which is usually very low.

If you need information on an interruption to your power supply, contact your electricity retailer. You should also contact your retailer if you have questions about your electricity supply or contract arrangements.

The Electricity Commission takes every reasonable step to provide current and accurate information in this document. The contents are intended to provide general information to the public and every effort has been taken to ensure that the information set out is accurate. However, be advised that the Commission does not accept any responsibility or liability whatsoever whether in contract, tort, equity or otherwise for any action taken as a result of reading, or reliance placed on this document because of having read, any part, or all, of the information in this document or for any error, inadequacy, deficiency, flaw in or omission from the information provided.

Regional assessment



The risk level is consistent across the country.

Current situation in summary – as of 31 July 2009

- Total South Island storage is slightly above average for the time of year.
- Lake Taupo storage is below average for the time of year, but is not a major concern at this point.
- Given the high storage level, the risk of running out of water in the next few months is assessed to be very low (less than 1%, barring major unexpected equipment failures).
- Looking forwards over the next few months, there is no expectation that generation outages or transmission constraints will lead to regional energy shortages.
- HVDC Pole 1 (one of the two circuits making up the inter-island link) is not currently available for general use, but Transpower makes it available when specific conditions are met, with a limited operating capability. Pole 2 availability is expected to be normal.
- Electricity demand at the Tiwai aluminium smelter had been reduced due to a transformer being out of service. Following the transformer's return to service, the smelter's demand has been slowly but steadily increasing towards the normal level. Otherwise, national electricity demand over winter has been normal, and this is expected to continue.
- Meridian's Project West Wind, Contact Energy's Stratford, and Mighty River Power's Nga Awa Purua are scheduled to be completed in 2010. These new power plants jointly represent over a billion dollars of capital investment, and will make a major contribution to security of supply.

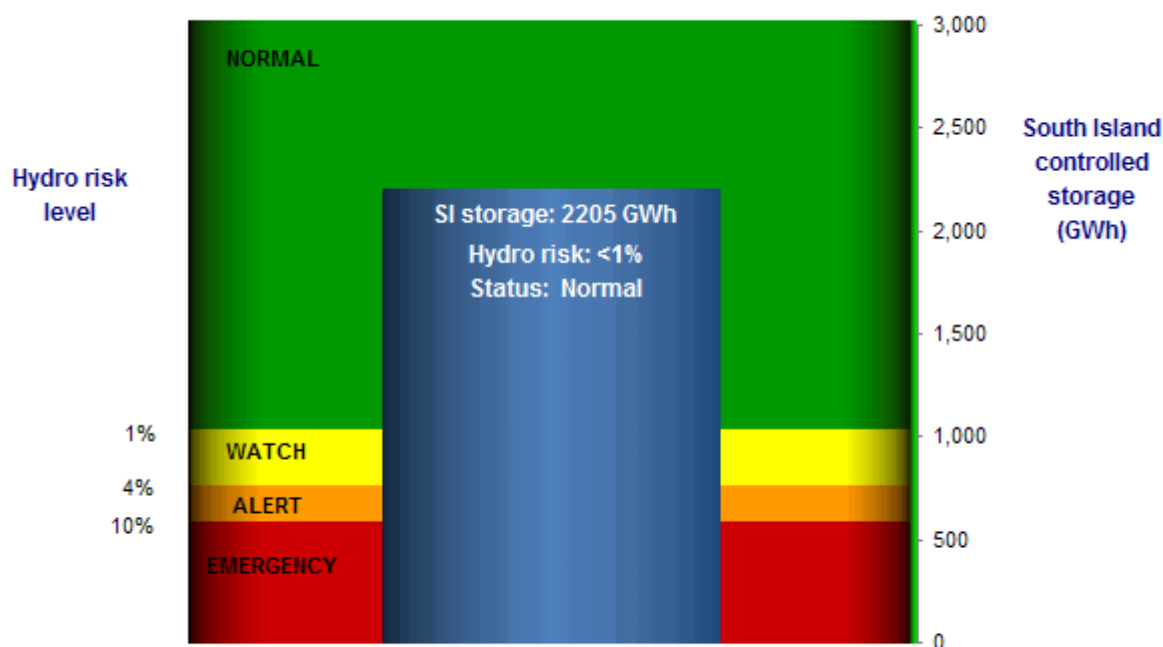
Next update

The next scheduled Supplyline update is due in early November 2009. If a major unexpected event shifts the Riskmeter up from Security Normal, the update will be brought forward.

Hydro generation

- Total South Island storage is slightly above average for the time of year.
- Inflows into South Island hydro systems were very high in May, but unusually low in June and early July. The graph on the next page demonstrates how volatile inflows can be from week to week and month to month.
- The risk of running out of water in the next few months is assessed to be very low (less than 1%, barring major unexpected equipment failures).
- Lake Taupo storage is below average for the time of year, but is not a major concern at this point.

South Island hydro storage - 31 July 2009

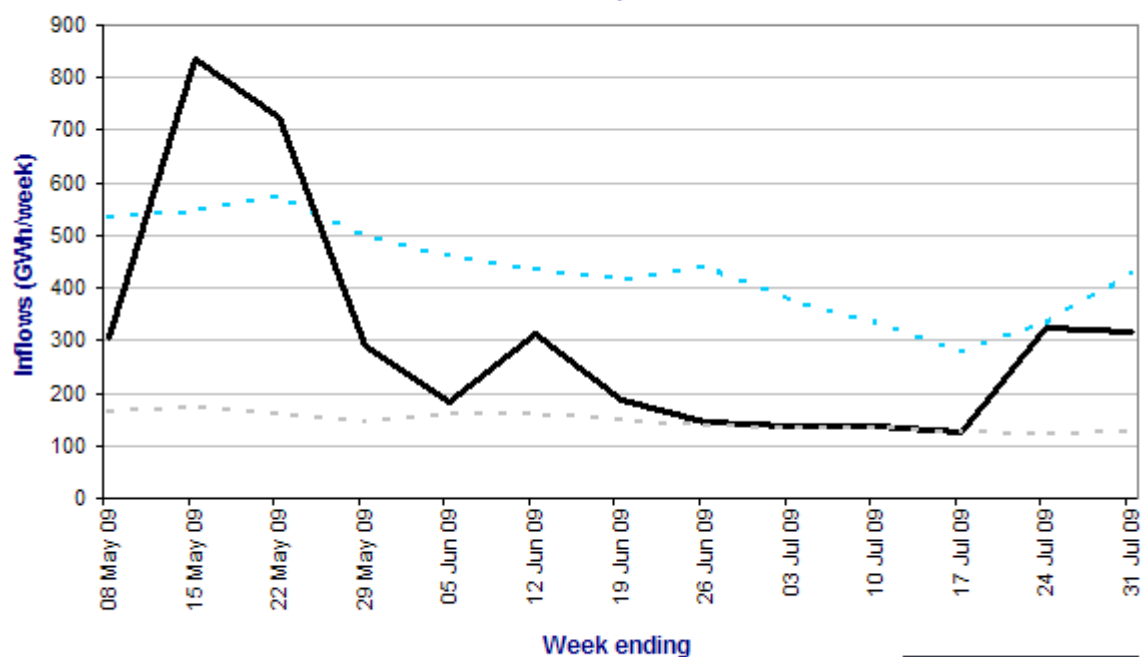


Source: Comit Hydro, M-co, NIWA

supplyline

Inflows to key South Island hydro systems - 31 July 2009

Dashed lines show 90th and 10th percentiles of historical record

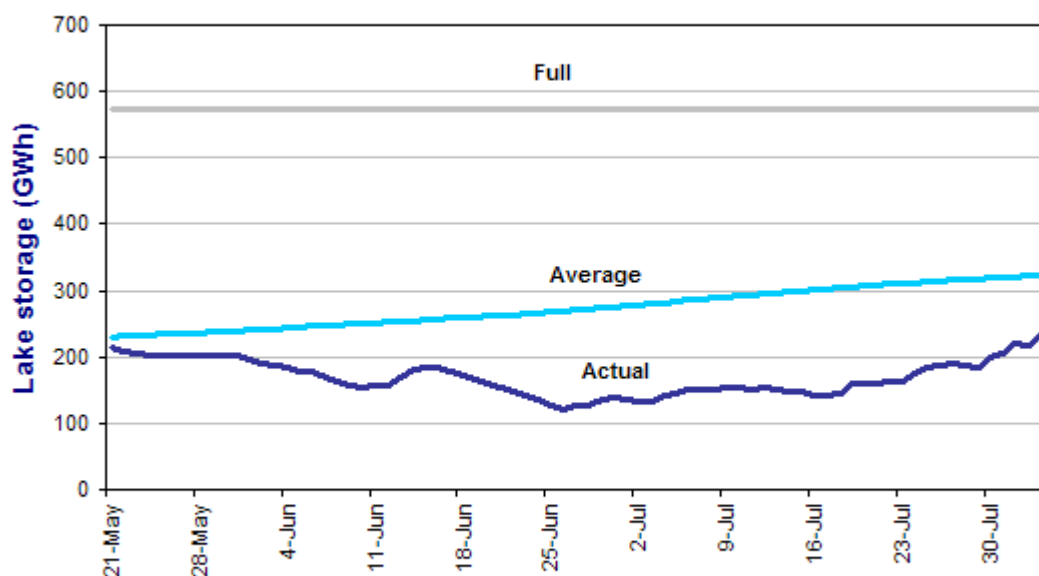


Source: COMIT Hydro, M-co, NIWA

Controlled and uncontrolled inflows are included

supplyline

Taupo storage - 31 July 2009



Source: COMIT Hydro, M-co, NIWA

supplyline

supplyline

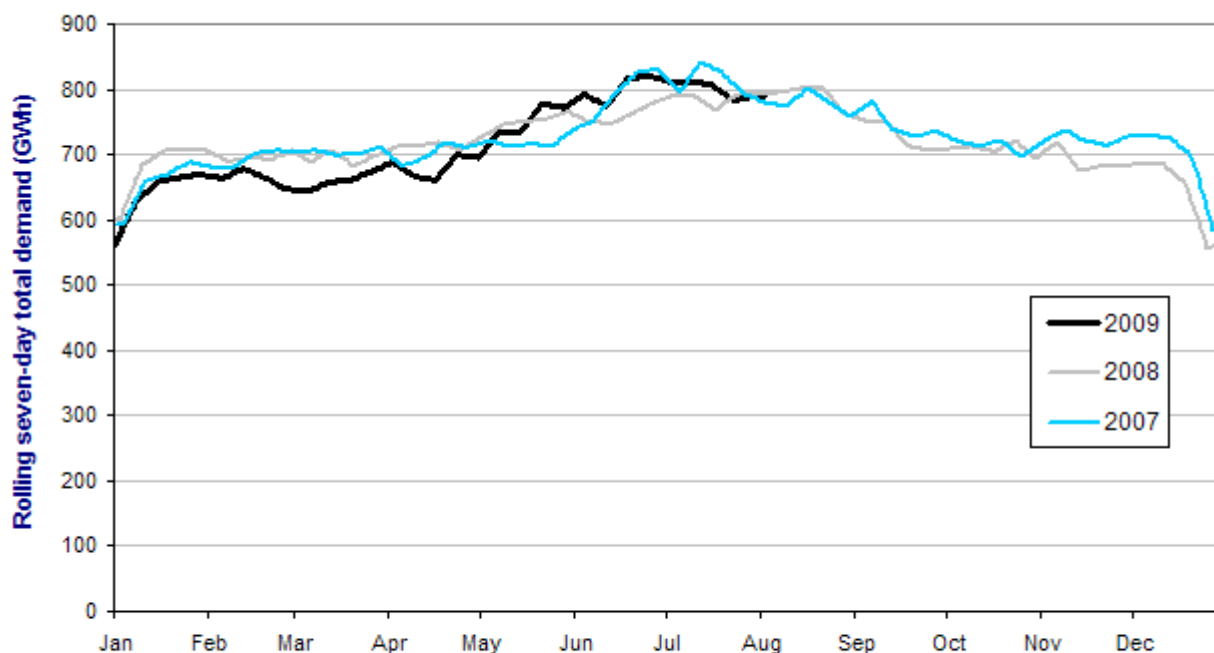
Non-hydro generation

- Over the three-month period to 31 July 2009, thermal generation has averaged 28% of total supply and hydro 53%. Combined output from geothermal, cogeneration and wind has averaged 18% of total supply. The contribution of thermal generation has increased over the period, due largely to a seasonal rise in demand.
- Looking forwards over the next six months, thermal generation availability is forecast to be high. The Commission is not aware of any reason to expect that thermal generation might be restricted, beyond the current known assumptions on fuel availability, transmission system configuration and plant maintenance.
- Several new generating plants are currently under construction, the key ones being Meridian's Project West Wind, Contact Energy's Stratford, and Mighty River Power's Nga Awa Purua. These new plants are scheduled to be completed in 2010; they jointly represent over a billion dollars of capital investment, and will make a major contribution to security of supply.

Electricity demand

- Electricity demand at the Tiwai aluminium smelter has been reduced due to a transformer being out of service. Following the transformer's return to service, the smelter's demand has been slowly but steadily increasing towards the normal level.
- Otherwise, national electricity demand over winter has been normal.

New Zealand electricity demand - 31 July 2009



Source: EMS (www.ems.co.nz/data)

Demand is measured at each grid exit point, net of any local generation, and excludes transmission losses.

supplyline

Transmission

- Power has been flowing mainly northwards over the inter-island link during the last three months, due to low South Island demand and high South Island hydro lake levels.
- Looking forwards over the next few months, there is no expectation that transmission constraints will lead to regional energy shortages. The Commission is not aware of any reason to expect that transmission might be restricted beyond the current known assumptions on circuit availability, line ratings, grid configuration and maintenance.
- HVDC Pole 1 (one of the two circuits making up the HVDC link) is not currently available for general use. However, Transpower makes it available with limited operating capacity and in specified conditions (during a Grid Emergency, or if particular assets are unavailable and a Grid Emergency could occur, or when tests are required). HVDC Pole 2 availability is expected to be normal.

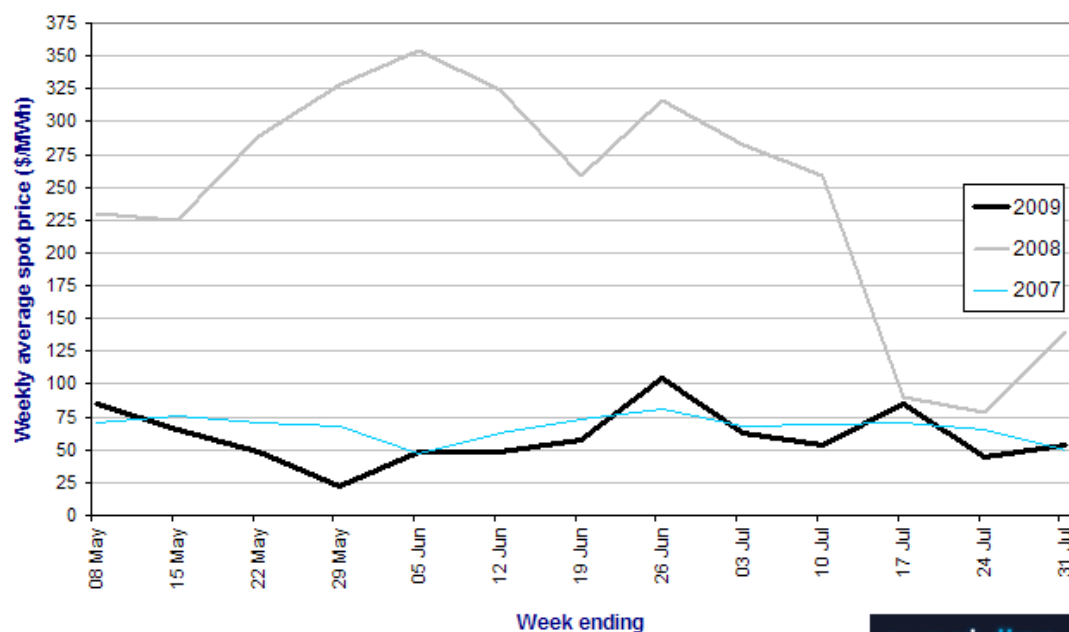
supplyline

Wholesale pricing

- Weekly average spot prices for each island over the three months to 31 July 2009 are shown in the graphs below. The corresponding prices for 2007 and 2008 are also included for comparison.

Recent North Island spot prices - 31 July 2009

Weekly average spot prices at Haywards

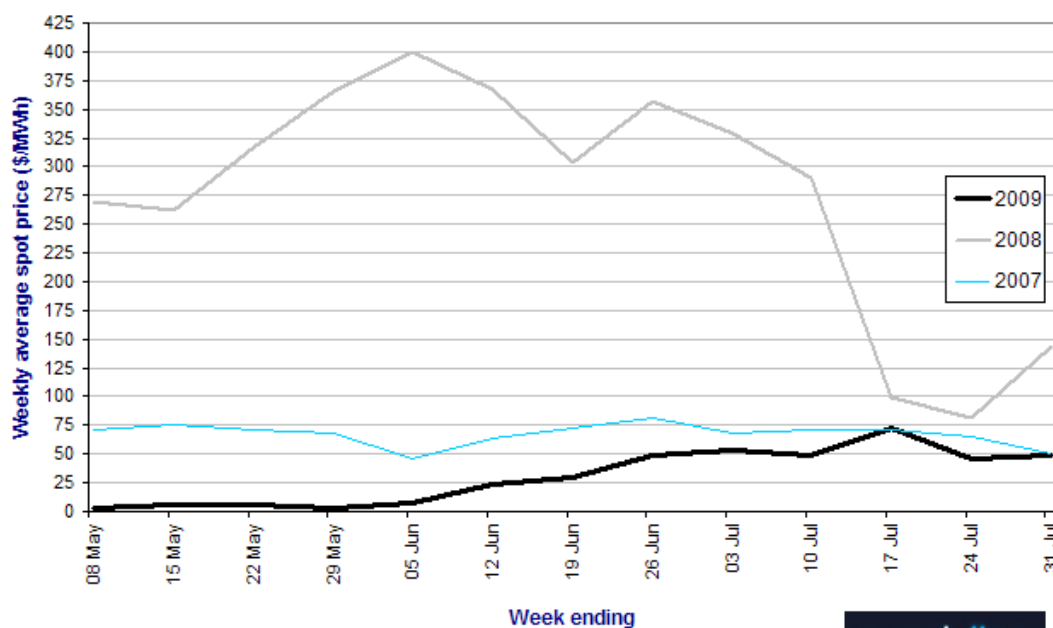


Source: COMIT

supplyline

Recent South Island spot prices - 31 July 2009

Weekly average spot prices at Benmore



Source: COMIT

supplyline

supplyline

Background information

Electricity is a key input into New Zealand's economy. New Zealand's electricity supply has a high standard of reliability, but there are times when it approaches shortage due to events such as extended dry periods. This leads to concerns about security and lack of easily accessible information. The Electricity Commission has a role in managing shortage situations; part of this role is to provide information about security. Consumers, in turn, can use this information when making risk management decisions.

Supplyline is a Commission publication providing information on the outlook for security of supply. The target audience are medium- to large-sized electricity consumers in the commercial and industrial sectors. Supplyline is intended to help these consumers access – and interpret – information about the level of risk and how it may impact on them.

At supplyline.electricitycommission.govt.nz, you can access the full Current Outlook, which provides more detail than this condensed version. The website also includes:

- more information about the Commission's role in security of supply
- more information about Supplyline
- an overview of the electricity sector
- useful links to other sites.

If you want to receive email alerts when the Current Outlook is updated, or you have any questions about security of supply, you can contact the Commission by email at:

supplyline@electricitycommission.govt.nz

or by post to:

Electricity Commission
PO Box 10041
Wellington
New Zealand.