

Media Statement

1 November 2011

Continuing improvement delivers for Genesis Energy in Quarter One

Genesis Energy is continuing to gain new customers across New Zealand as a result of its excellent customer service and competitive pricing offers.

A further 8,000 South Island electricity customers joined the national energy company in the Quarter ending 30 September 2011, the company said today in its Q1 Operational Report to the market.

National electricity customer accounts were up by 13,186 (2.4%) at 555,448 in Q1 2011/2012 compared to 542,262 in Q1 2010/2011. Gas customer accounts increased by 5,104 (4.6%) to 115,746 in Q1 2011/2012 compared to 110,642 in Q1 2010/2011. LPG customers were also up by 3,769 to 6,168 in Q1 2011/2012 compared to 2,399 in the same quarter last year.

The growth in customer numbers was achieved in a highly competitive market environment, driven by the Electricity Authority's 'What's My Number' switching campaign.

Genesis Energy's Chief Executive Albert Brantley said it was "exceptionally pleasing that not only did customer numbers grow but our key indicator of customer satisfaction held at 91%. This is a result of continuing improvements to our customer service levels."

During the Quarter, Genesis Energy's leading Advanced Meter programme passed the major milestone of 200,000 installed meters. At the end of Q1 2011/2012, Genesis Energy had a total of 207,066 Advanced Meters installed with nearly 29,000 Advanced Meters installed during the three month period.

Within its Energy Management division, total generation in Q1 was up 13% at 2,193GWh compared to 1,942GWh in the same period last year.

Thermal generation was up 8% at 1,380GWh in Q1 compared to 1,277GWh in Q1 2010/2011. Generation output from Huntly Units 1 to 4 was up by 103GWh (20%) on 519GWh in Q1 2010/2011, and renewable generation was up 22.4% at 813GWh for Q1 compared to 665GWh in Q1 2010/2011. Tekapo A and B power stations generation (247GWh) offset lower output from the Tongariro Power Scheme (down 8%) and the Waikaremoana Power Scheme at 164GWh (down 28%).

On 1 August 2011, Genesis Energy submitted resource consent applications for the Castle Hill Wind Farm project. The consent applications, together with an assessment of environmental effects, were submitted to the Greater Wellington Regional Council, the Horizons Regional Council, the Tararua District Council and the Masterton District Council. Public submissions closed on 26 September 2011 and the resource consent application hearing will commence on 28 November 2011.

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Market Outlook

The climatic outlook for Quarter 2 (three months to end of December 2011) indicates that temperatures are likely to be near average in the North Island and average or above average in the South Island, while seasonal rainfall and river flows are likely to be near normal in all regions.

Electricity futures prices published on the ASX website indicate that wholesale electricity prices may range between \$79 in the North Island and \$82 in the South Island by December 2011¹.

Strong levels of competition in the energy retail markets are expected to continue over the next quarter.

Genesis Energy outlook

The above market and environmental forecasts suggest favourable conditions for Genesis Energy's business performance in Q2.

While there are a range of operating and financial scenarios that might eventuate during the 2011/2012 financial year, based on the financial and operating performance to date, the Company expects to achieve or exceed the targets set out in its Statement of Corporate Intent for 2011/2012.

Ends

The Genesis Energy Q1 Operational Report is available at www.genesisenergy.co.nz/about-us/reports/continuous-disclosure

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¹ As at 31 October 2011.



*“Our Vision is to be
New Zealand’s leading
customer-focused
energy company”*

Operational Information

First Quarter

2011/2012

1 July 2011 to 30 September 2011

INTRODUCTION

This disclosure includes market information and Genesis Energy's operational information for the quarterly period ending 30 September 2011 ("Q1") for the 2011/2012 financial year.

The retail markets in Q1 2011/2012 continue to experience high levels of retail competition and consumer switching levels. Electricity wholesale market conditions over Q1 included below normal hydrological conditions and moderate to high wholesale electricity prices.

Genesis Energy's focus on the experience of its customer is reflected in the customer satisfaction result of 91% for Q1 2011/2012. In Q1, the Company continued to rollout new innovative services and products and has installed over 207,000 advanced meters¹.

Genesis Energy has also continued to make good progress with its South Island acquisition campaign, acquiring approximately 8,000 new customers in Q1 2011/2012.

Genesis Energy's total generation in Q1 2011/2012 was up 13% at 2,193GWh compared to 1,942GWh in the same quarter last year, supported by increases in both thermal and renewable generation.

On 1 August 2011, Genesis Energy submitted resource consent applications for the Castle Hill Wind Farm project ("CHWF") to the Greater Wellington Regional Council, the Horizons Regional Council, the Tararua District Council and the Masterton District Council. The applications were formally accepted by all four Councils, and publicly notified on 29 August 2011. The resource consent application hearing has been scheduled to begin on 28 November 2011.

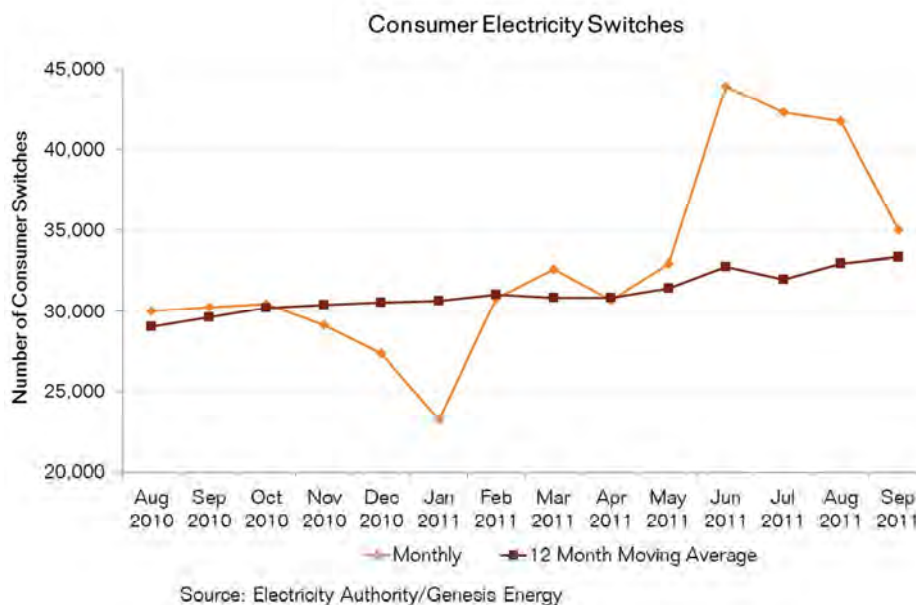
While there are a range of operating and financial scenarios that might eventuate during the 2011/2012 financial year, based on the financial and operating performance to date, the Company expects to achieve or exceed the targets set out in its Statement of Corporate Intent ("SCI") for 2011/2012.

¹ As at 30 September 2011.

MARKET INFORMATION

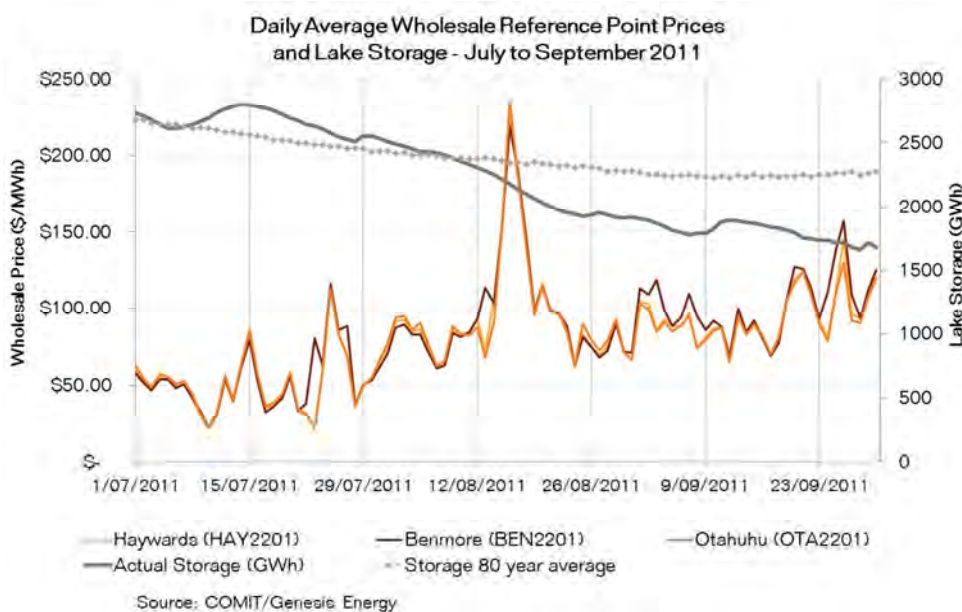
Consumer Markets

Consumer electricity switching levels remained high over most of Q1 2011/2012 buoyed by the Electricity Authority's 'What's My Number' campaign, before falling back in September 2011². Genesis Energy's electricity (27%) and gas (44.2%) market shares at the end of September 2011 are up compared to the same time last year.



Wholesale Market

Sunny and dry conditions over Q1 2011/2012 contributed to moderate to high average prices in the wholesale market over the period. The average Haywards reference prices were \$50.99/MWh in July, \$95.03/MWh in August and \$95.51 in September 2011.



² The Consumer Electricity Switches chart shows the number of ICPs (or points of connection) changing (or "switching") electricity supplier each month and the trend in ICP switching activity over time.

CUSTOMER EXPERIENCE

Customer Satisfaction

Genesis Energy's customer satisfaction result of 91% in Q1 2011/12 remains high and reflects the Company's focus on delivering an excellent customer experience and improved service levels.

Innovation

During Q1, Genesis Energy launched two new services to further improve the customer experience:

- The "My Account" service which customers use to view and manage their account online has been enhanced to provide customers with more choices and control. New online account services enable customers to add additional products (gas or LPG) to their account, as well as additional properties and the ability to move house online.
- "Pick Your Own Payment Date" was also launched which enables commercial customers with advanced meters to select their preferred day of the month to pay their energy account. Customers add this service to their account either online by using My Account, or through calling the Company's contact centre.

At the end of Q1 2011/2012, Genesis Energy had installed a total of 207,066 advanced meters with nearly 29,000 advanced meters installed over the Q1 period.

Market Activities

Genesis Energy's acquisition campaign in the South Island has continued to progress well with approximately 8,000 new customers acquired in Q1 2011/2012.

The number of electricity customers is up by 13,186 (2.4%) at 555,448 in Q1 2011/2012 compared to 542,262 in Q1 2010/2011. Gas customers increased by 5,104 (4.6%) to 115,746 in Q1 2011/2012 compared to 110,642 in Q1 2010/2011. LPG customers are also up by 3,769 to 6,168 in Q1 2011/2012 compared to 2,399 in the same quarter last year.

In Q1 2011/2012, retail electricity sales at 1,628GWh were down by 70GWh on the Q1 2010/2011, gas sales at 2.0PJ in Q1 2011/2012 were up 0.4PJ on Q1 2010/2011 and LPG sales were up 413 tonnes to 630 tonnes in Q1 2011/2012 compared to 217 in Q1 2010/2011.

In October 2011, the Company commenced a Price Plan Check campaign to verify that residential electricity customers are on the best pricing plan. Notifications were sent to all residential electricity customers, including details of their consumption over the last 12 month period and of various pricing plan options.

PORTFOLIO OPTIMISATION AND MANAGEMENT

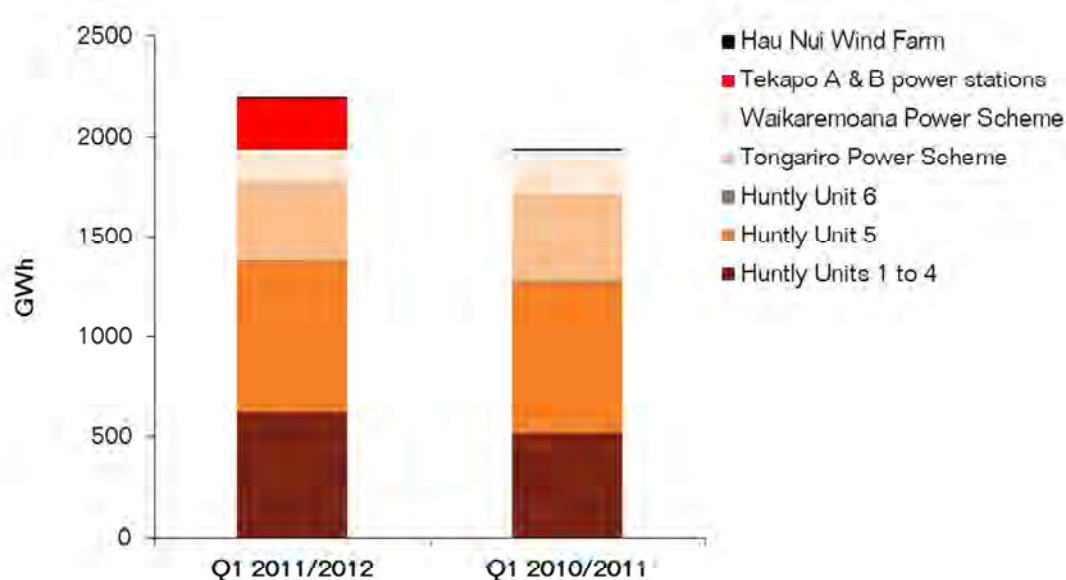
Electricity Generation

Genesis Energy's total generation in Q1 2011/2012 was up 13% at 2,193GWh compared to 1,942GWh in the same quarter last year.

Thermal generation was up 8% at 1,380GWh in Q1 2011/2012 compared to 1,277GWh in Q1 2010/2011, reflecting higher generation from Huntly Units 1 to 4. Generation output from Huntly Units 1 to 4 was up by 103GWh (20%) on 519GWh in Q1 2010/2011. Generation from Huntly Unit 5 and Huntly Unit 6 were at similar levels to the same period last year.

Renewable generation was up 22.4% at 813GWh for Q1 2011/2012 compared to 665GWh in Q1 2010/2011. The addition of Tekapo A and B power stations generation (247GWh) offset lower output from the Tongariro Power Scheme (down 8%) and the Waikaremoana Power Scheme at 164GWh (down 28%).

Genesis Energy Q1 2011/2012 Generation



Source: Genesis Energy

The average price received for generation in Q1 of 2011/12 was \$81.11MWh, up \$26.26MWh (47%) on Q1 2010/2011 and reflected market and hydrological conditions over the first quarter 2011/2012.

Genesis Energy's generation emissions were 879ktCO₂ in Q1 2011/2012, which was 28% higher than in Q1 2010/2011 due to the increased coal fired generation from Huntly Units 1 to 4. The Company's generation portfolio carbon intensity in Q1 2011/2012 at 401tCO₂/GWh was also 20% higher compared to the same period last year.

Fuel Supply

The total amount of fuel (coal and gas) used for generation was up 1.1PJ at 12.4PJ in Q1 2011/2012 compared to 11.3PJ in Q1 2010/2011 as a result of the increased thermal generation. Genesis Energy used relatively more coal than gas to generate electricity in the first quarter 2011/2012 compared to the same period last year, also as a result of the increased reliance on Huntly Units 1 to 4.

Gas purchases increased by 1.2PJ (9.7%) to 13.5PJ in Q1 2011/2012 compared to 12.3PJ in Q1 2010/2011. Coal purchases at 5.8PJ in Q1 2011/2012 also showed an increase of 0.2PJ (3.5%) on Q1 2010/2011. Wholesale gas (5.2PJ) and coal sales (0.9PJ) were both up significantly on last year.

The level of the coal stockpile was 1,484 kilotonnes at 30 September 2011 compared to 1,239 kilotonnes at 30 September 2010. The level of the stockpile is likely to vary under different hydrological conditions.

STRATEGIC INVESTMENTS

Kupe Oil and Gas Investment

Genesis Energy's share of the sales from the Kupe oil and gas field for Q1 2011/2012 included 1.8PJ of gas, 117 kilo-barrels of oil and 7.3 kilotonnes of LPG. There were no export oil sales in September 2011.

HEALTH AND SAFETY

Health and Safety Performance

Genesis Energy had a rolling 12-month Total Recordable Injury Frequency Rate ("TRIFR")⁽¹⁾ of 26.39 at the end of Q1 2011/2012, compared to 29.95 for the same period last year. The Company expects to exceed its company-wide TRIFR target of a 20% year-on-year reduction in safety incidents for 2011/12, supported by a focus on increasing near miss reporting to improve safety performance.

The Company had one lost time injury in Q1 2011/2012 compared to three reported in the same period last year.

⁽¹⁾ TRIFR = (Lost Time Injuries + Restricted Work Injuries + Medically Treated Injuries) per million hours worked

OUTLOOK

Market Outlook

NIWA's October 2011 Seasonal Climate Outlook³ for early summer indicates that La Nina conditions have redeveloped in the tropical Pacific, and that weak to moderate La Nina conditions are likely to continue through the summer.

The outlook for November 2011 to January 2012 indicates that temperatures are likely to be near average across all of the North Island and average or above average in the South Island.

Seasonal rainfalls, soil moisture levels and river flows are all likely to be near normal in all regions of the country.

Electricity futures prices published on the ASX website indicate that wholesale electricity prices may range between \$79/MWh in the North Island and \$82MWh in the South Island by December 2011⁴.

Strong levels of competition in the energy retail markets are expected to continue over the next quarter.

Business Outlook

On 1 August 2011, Genesis Energy submitted resource consent applications for the Castle Hill Wind Farm project. The consent applications, together with an assessment of environmental effects, were submitted to the Greater Wellington Regional Council, the Horizons Regional Council, the Tararua District Council and the Masterton District Council.

On 29 August 2011, the consent applications were formally accepted by all four Councils, and publicly notified. Public submissions closed on 26 September 2011. The Council has received 102 submissions, with 18 in support, 66 in opposition and 18 neutral. The resource consent application hearing will commence on 28 November 2011.

While there are a range of operating and financial scenarios that might eventuate during the 2011/2012 financial year, based on the financial and operating performance to date, the Company expects to achieve or exceed the targets set out in its Statement of Corporate Intent for 2011/2012.

³ Dated 28 October 2011.

⁴ Update as at 9.40am, 31 October 2011.

APPENDIX A: OPERATIONAL INFORMATION

Genesis Energy Operational Information#	First Quarter (July to September)	
	2011/12	2010/11
Market Information		
Customer-focus		
Electricity Market Share [1]	27.0%	26.6%
Gas Market Share [1]	44.2%	42.9%
Customer Experience		
Customer-focus		
Customer Satisfaction (%) [2]	91	91
Total Advanced Meters Installed During Quarter	28,964	29,417
Total Advanced Meters Installed To Date (#)	207,066	89,277
Customer Numbers		
Total Customer Numbers [3]	671,194	652,904
<i>Total Customers by Product:</i>		
Electricity Customer Numbers	555,448	542,262
Gas Customer Numbers	115,746	110,642
LPG Customer Numbers	6,168	2,399
<i>Total Electricity Customers by Location:</i>		
North Island Electricity Customer Numbers	500,190	517,209
South Island Electricity Customer Numbers [4]	55,258	25,053
Customer Volumes and Price		
Retail Electricity Sales (GWh)	1,628	1,698
Retail Gas Sales (PJ)	2.0	1.6
Retail LPG Sales (tonnes)	630	217
Retail Electricity Purchases (GWh)	1,708	1,822
Retail Gas Purchases (PJ)	2.0	1.6
Average Retail Electricity Purchase Price (\$/MWh) [5]	85.43	54.96
Energy Management		
Generation		
Total Generation (GWh)	2,193	1,942
<i>Generation by Fuel Source:</i>		
Gas (GWh)	819	1,079
Coal (GWh)	561	198
Hydro (GWh)	806	657
Wind (GWh)	7	7
<i>Generation by Fuel Type:</i>		
Thermal (GWh)	1,380	1,277
Renewable (GWh)	813	665
<i>Generation by Location:</i>		
North Island (GWh)	1,946	1,942
South Island (GWh)	247	0
Average Price Received for Generation (\$/MWh) [5]	81.1	54.9
Generation Emissions (ktCO ₂)	879	684
Generation Carbon Intensity (ktCO ₂ /GWh)	401	334

Fuel		
Gas Purchases (PJ)	13.5	12.3
Coal Purchases (PJ)	5.8	5.7
Wholesale Gas Sales (PJ)	5.2	1.6
Wholesale Coal Sales (PJ)	0.9	0.3
Gas Used In Internal Generation (PJ)	6.3	9.2
Coal Used In Internal Generation (PJ)	6.0	2.2
Coal Stockpile - closing balance (kilotonnes)	1,484	1,239

Kupe Oil and Gas Field Investment

Genesis Energy Sales Share		
Gas Sales (PJ)	1.8	1.8
Oil Sales (kbbbl)	117	175
LPG Sales (kilotonnes)	7.3	8.4

Notes:

[1] September 2010 and 2011 market shares based on published customer records from the Electricity Authority (includes active accounts only) and Gas Industry Company.

[2] Based on the survey question: "Thinking about all aspects of the service provided to you, how satisfied are you with the overall performance of Genesis Energy, where 0 is extremely dissatisfied and 10 is extremely satisfied."

Note: This new customer satisfaction survey question applied from August 2010. As a result, the First Quarter result for 2010/11 includes only August and September 2010 results.

[3] Based on Genesis Energy customer records. Includes vacant accounts. Excludes LPG customers.

Note: Electricity and gas customers are defined by number of connections. LPG is defined by number

[4] 2010/11 South Island numbers based on October 2010 due to code changes.

[5] Excludes settlements from electricity derivatives.

Customer Experience segment covers retail activities.

Energy Management segment covers generation and trading activities.