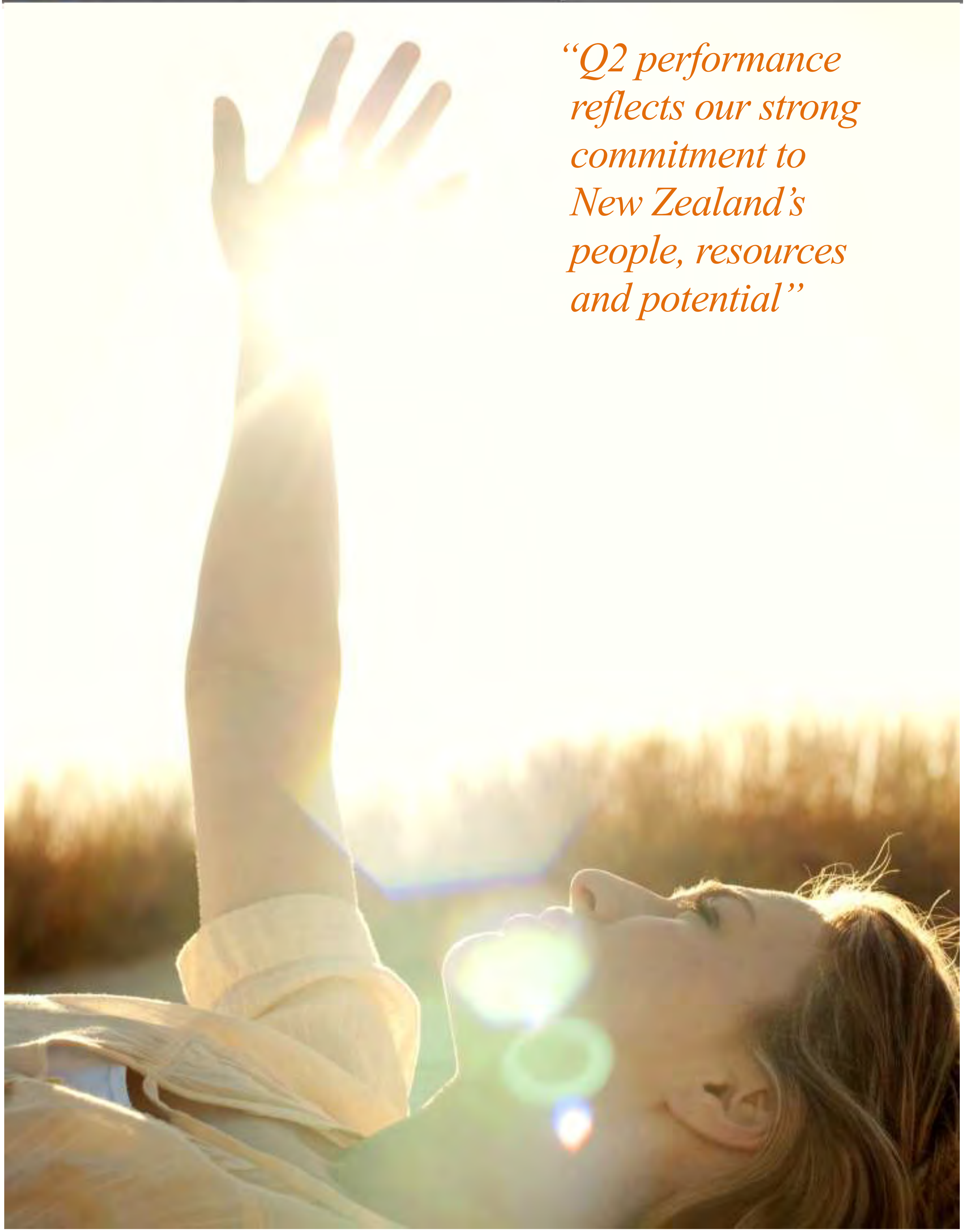
In Touch

A Quarterly Operational Information Report



"Q2 performance reflects our strong commitment to New Zealand's people, resources and potential"

THIS DISCLOSURE INCLUDES MARKET INFORMATION FOR THE QUARTERLY PERIOD ENDING 31 DECEMBER 2011 FOR THE 2011/2012 FINANCIAL YEAR

IT ALSO INCLUDES OPERATIONAL INFORMATION FOR THE FIRST SIX MONTHS (FIRST HALF) OF 2011/2012

INTRODUCTION

Genesis Energy"s customer satisfaction result has increased to 93% in Q2 2011/2012 from 91% in the Q1 2011/2012[1]. This result reflects the Company"s continued focus on delivering an excellent customer experience and improving service levels.

During Q2, Genesis Energy launched an Advanced Meter Pricing Tariff trial which offers customers an innovative off peak, shoulder and peak tariff based on different time periods when they use their electricity. At the end of December 2011, the Company had also installed a total of 233,819 advanced meters to support its business and innovation programme.

Genesis Energy"s acquisition campaign in the South Island has continued to progress well with approximately 4,500 new customers acquired in Q2 2011/2012. At the end of December 2011, the Company had 60,714 South Island electricity customers.

The electricity wholesale market conditions over Q2 2011/2012 included seasonally warm temperatures and improved hydrological conditions which contributed to moderate prices in the wholesale market over the period.

Genesis Energy"s total generation in Q2 2011/2012 was up 12.4% at 1,791GWh compared to 1,593GWh in the same quarter last year, supported by increased renewable generation.

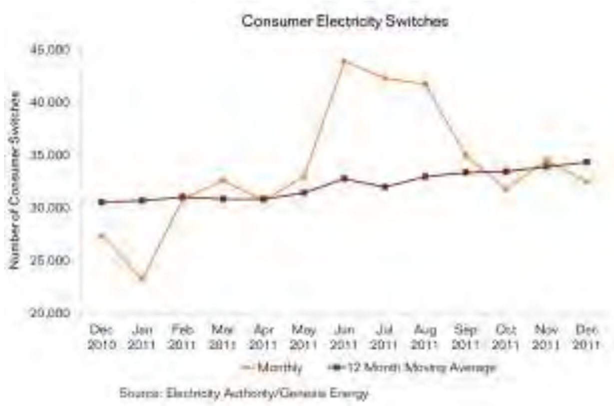
On 11 November 2011, the Company lodged its resource consent applications with the Waikato Regional Council for the on-going operation of the 1,448 Huntly Power Station[2]. Renewed consents will allow for the long-term flexibility of the site"s operations under a range of asset management regimes and market conditions.

The resource consent application hearing for the Castle Hill Wind Farm project commenced on 28 November 2011. The hearing went for eight days before the hearing commissioners requested an adjournment until January 2012. This adjournment was to allow for Genesis Energy to provide further evidence on items raised by submitters in opposition to the project. Genesis Energy and submitters in opposition have presented further evidence at the hearing which recommenced on 24 January 2012.

MARKET INFORMATION

CONSUMER MARKETS

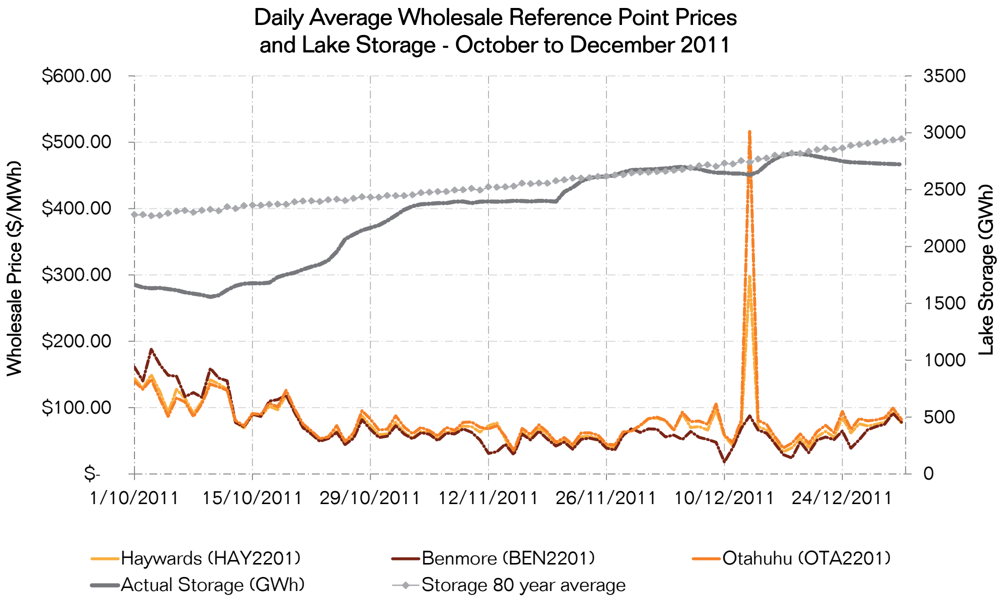
Consumer electricity switching levels over Q2 2011/2012 have returned to moving average levels from their highs in the first quarter which were buoyed by the Electricity Authority"s „What"s My Number" campaign[3]. Genesis Energy"s electricity (26.9%) and gas (43.9%) market shares at the end of December 2011 are up compared to the same time last year.



WHOLESALE MARKETS

[1] The second quarter result includes only October and November 2011 survey results. December 2011 results were incomplete due to the holiday period which included only two weeks of consumer information.
[2] Resource consents for the Huntly Power Station are due to expire from March 2013 onwards.
[3] 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.

Seasonally warm temperatures and improved hydrological conditions over Q2 2011/2012 contributed to moderate prices in the wholesale market over the period. The average Haywards reference prices were $93.69/MWh in October, $58.92/MWh in November and $75.02 in December 2011.



Source: COMIT/Genesis Energy

CUSTOMER EXPERIENCE

CUSTOMER SATISFACTION

Genesis Energy"s customer satisfaction result has increased to 93% in Q2 2011/2012 from 91% in the Q1 2011/2012[4]. This result reflects the Company"s continued focus on delivering an excellent customer experience and improving service levels.

INNOVATION

During Q2, Genesis Energy launched an Advanced Meter Pricing Tariff trial which offers customers an off peak, shoulder and peak tariff based on different time periods when they use their electricity. A total of 225 customers have volunteered to participate in this trial.

At the end of the Q2 2011/2012, Genesis Energy had installed a total of 233,819 advanced meters with nearly 27,000 advanced meters installed over the Q2 period.

Genesis Energy"s acquisition campaign in the South Island has continued to progress well with approximately 4,500 new customers acquired in Q2 2011/2012. At the end of December 2011, the Company had 60,714 South Island electricity customers.

MARKET ACTIVITIES

The number of electricity customers is up by 10,046 (1.8%) to 553,853 in Q2 2011/2012 compared to 543,807 in Q2 2010/2011. Gas customer numbers are up by 2,774 (2.5%) at 115,285 in Q2 2011/2012 compared to 112,511 in Q2 2010/2011. LPG customers are also up by 3,234 at 6,684 in Q2 2011/2012 compared to 3,450 in the same quarter last year.

In Q2 2011/2012, retail electricity sales at 1,234GWh were down by 154GWh on Q2 2010/2011, gas sales at 1.0PJ in Q2 2011/2012 were up 0.1PJ on Q2 2010/2011 and LPG sales were up 226 tonnes to 419 tonnes in Q2 2011/2012 compared to 193 tonnes in Q1 2010/2011.

Over the First Half 2011/2012 period, retail electricity sales at 2,862 were down 224GWh on First Half 2010/2011, gas sales at 3PJ were up 0.5PJ on the same period last year and LPG sales were up 639 tonnes to 1,050 tonnes in the First Half 2011/2012.

[4] The second quarter result includes only October and November 2011 survey results. December 2011 results were incomplete due to the holiday period which included only two weeks of consumer information.

In December 2011, the Company completed its annual Price Plan Check campaign which assists in placing customers on the most suitable pricing plan.

PORTFOLIO OPTIMISATION AND ENERGY MANAGEMENT

ELECTRICITY GENERATION

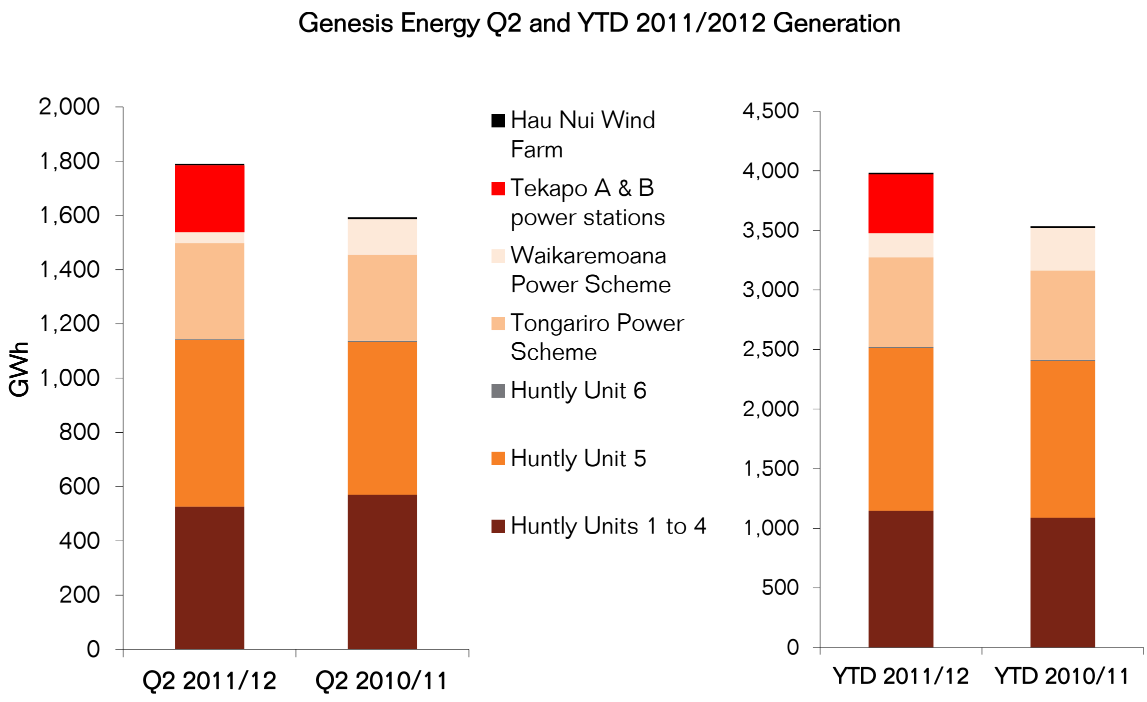
Genesis Energy"s total generation in Q2 2011/2012 was up 12.4% at 1,791GWh compared to 1,593GWh in the same quarter last year.

Thermal generation was up 0.5% at 1,144GWh in Q2 2011/2012 compared to 1,138GWh in Q2 2010/2011, reflecting higher generation from Huntly Units 5. Generation output from Huntly Unit 5 at 615GWh was up 52GWh (9%) in Q2 2011/2012 which offset lower generation from both Huntly Units 1 to 4, down 43GWh (-8%) at 526GWh and Huntly Unit 6 which was down 3GWh at 2GWh compared to the same period last year.

On 13 December 2011, the Huntly Power Station tripped out after the Huntly Unit 5 protection system responded, as designed, to a sudden rise in power flow through the Huntly Unit 5 grid connection. This situation triggered the use of the automatic under-frequency load-shedding system which cut supply to thousands of consumers throughout the North Island.

Genesis Energy and Transpower are investigating the situation and a formal report will be prepared in the coming months.

Renewable generation was up 42.1% at 646GWh for Q2 2011/2012 compared to 455GWh in the Q2 2010/2011. The Tongariro Power Scheme at 354GWh was up 36GWh or 11% and the addition of Tekapo A and B power stations (246GWh) to the generation output offset lower generation from the Waikaremoana Power Scheme at 41GWh which was down 68% due to low river inflows and storage levels.



Source: Genesis Energy

The average price received for generation in Q2 2011/2012 was $78.40MWh, up $9.47MWh (13.7%) on Q2 2010/2011.

Genesis Energy"s generation emissions were 735ktCO_2 in Q2 2011/2012, which was up 6% on 693ktCO_2 in Q2 2010/2011. The Company"s generation portfolio carbon intensity in Q2 2011/2012 at 410tCO_2/GWh was down 5.5% compared to 435tCO_2/GWh for the same period last year reflecting a higher level of renewable generation.

Total generation in the First Half 2011/2012 was up 12.7% at 3,983GWh compared to 3,535GWh in the First Half 2010/2011, reflecting an increase in both thermal and renewable generation over the period. First Half 2011/2012 generation emissions were up 17.2% on 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 Q2 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.

The total amount of fuel (coal and gas) used for generation was down 0.2PJ at 10.3PJ in Q2 2011/2012 compared to 10.5PJ in Q2 2010/2011. Genesis Energy used relatively more coal than gas to generate electricity in the second quarter compared to last year.

Gas purchases were down 2.1PJ (17.8%) at 9.5PJ in Q2 2011/2012 compared to 11.6PJ in the second quarter last year. Coal purchases at 5.8PJ in Q2 2011/2012 were up 0.8PJ (16.4%) on Q2 2010/2011.

The total amount of fuel (coal and gas) used for generation in the First Half 2011/2012 was up 0.8PJ at 22.6PJ compared to 21.8PJ in the First Half 2010/2011.

The level of the coal stockpile was 1,481 kilotonnes at 31 December 2011 compared to 1,288 kilotonnes at 31 December 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 Q2 2011/2012 included 162 kilo-barrels of oil, 1.2PJ of gas and 5.6 kilotonnes of LPG.

The planned annual maintenance shutdown of the Kupe plant commenced on 25 October 2011 and was completed in 9 November 2011, ahead of schedule. Outside this annual maintenance period, Kupe production was in line with Genesis Energy"s nominations. Three tanker liftings of Kupe light crude from Port Taranaki were completed during Q2 2011/2012.

Maintenance inspections in April 2011 of the umbilical line that runs out to the Kupe offshore platform from shore identified some deterioration of clamps holding the umbilical line. Remediation works of the umbilical line were carried out between October and December 2011 to ensure continued safe operation of the Kupe platform. Further works will be undertaken in early 2012 as part of the ongoing maintenance program and an umbilical clamp upgrade is planned to commence in the 2012/2013 summer. No impact on production is expected as a result of these works. As the issue has been identified as a potential design flaw rather than general wear and tear, the Operator (Origin) is investigating making an insurance claim.

Genesis Energy, along with its joint venture parties, has entered into an agreement with BP Singapore for a term of two years for the sale and marketing of Kupe light crude, of which Genesis Energy"s share is expected to be approximately 1.34 million barrels.

A review of the prospectivity of the PML 38146 (Kupe) permit is ongoing.

HEALTH AND SAFETY

HEALTH AND SAFETY PERFORMANCE

Genesis Energy had a rolling 12-month Total Recordable Injury Frequency Rate ("**TRIFR**")[5] of 20.64 in Q2 2011/2012. 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 continued focus on Near Miss Reporting and Hazard Identification and Mitigation to improve safety performance.

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

The Company reported one lost time injury in Q2 2011/2012, which was at the same level reported in Q2 2010/2011.

OUTLOOK

MARKET OUTLOOK

NIWA"s January 2012 Seasonal Climate Outlook[6] for late summer indicates that the moderate La Niña in place in the tropical Pacific should persist into early autumn 2012.

The outlook for January to March indicates that summer rainfall totals are likely to be above normal throughout the North Island, and normal or above normal in the north of the South Island. For the west, south and east of the South Island, late summer rainfall is likely to be below normal or normal. Soil moisture levels and river flows are likely to be above normal in North Island regions, normal or above normal in Nelson-Marlborough, and below normal in the west, south and east of the South Island.

Temperatures are likely to be average or above average for the eastern South Island, and above average in all other regions.

Electricity futures prices published on the ASX website indicate that wholesale electricity prices may range between $93/MWh in the North Island and $105MWh in the South Island by March 2012[7].

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

BUSINESS OUTLOOK

On 11 November 2011, the Company lodged its resource consent applications with the Waikato Regional Council for the on-going operation of the 1,448 Huntly Power Station[8]. Renewed consents will allow for the long-term flexibility of the site"s operations under a range of asset management regimes and market conditions. Six submissions were received by the Waikato Regional Council on the Huntly Consent Application by the close of the submission deadline.

The resource consent application hearing for the Castle Hill Wind Farm project commenced on 28 November 2011. The hearing went for eight days before the hearing commissioners requested an adjournment until January 2012. This adjournment was to allow for Genesis Energy to provide further evidence on items raised by submitters in opposition to the project. Genesis Energy and submitters in opposition have presented further evidence at the hearing which recommenced on 24 January 2012.

DIRECTORY:

CORPORATE OFFICE:
602 Great South Road
PO Box 17 188,
Greenlane,
Auckland
Tel: +64 9 580 2094
Fax: +64 9 580 4894
Web: genesisenergy.co.nz
Email:
feedback@genesisenergy.co.nz

[6] Dated 6 January 2012
[7] ASX update as at 22 January 2012.
[8] Resource consents for the Huntly Power Station are due to expire from March 2013 onwards.

Operational Information

Genesis Energy	Second Quarter (October to December)		First Half (July to December)	
Operational Information*	2011/12	2010/11	2011/12	2010/11
Market Information				
Customer-focus				
Electricity Market Share (%) [1]	26.9%	26.6%		
Gas Market Share (%) [1]	43.9%	43.3%		
Customer Experience				
Customer-focus				
Customer Satisfaction (%) [2]	93	91	92	90
Total Advanced Meters Installed During Period (#)	26,753	34,472	55,717	63,889
Total Advanced Meters Installed To Date (#)	233,819	123,749		
Customer Numbers				
Total Customer Numbers (#) [3]	669,138	656,318		
Total Customers by Product:				
Electricity Customer Numbers (#)	553,853	543,807		
Gas Customer Numbers (#)	115,285	112,511		
LPG Customer Numbers (#)	6,684	3,450		
Total Electricity Customers by Location:				
North Island Electricity Customer Numbers (#)	493,139	512,908		
South Island Electricity Customer Numbers (#)	60,714	30,899		
Customer Volumes and Price				
Retail Electricity Sales (GWh)	1,234	1,388	2,862	3,086
Retail Gas Sales (PJ)	1.0	0.9	3.0	2.5
Retail LPG Sales (tonnes)	419	193	1,050	411
Retail Electricity Purchases (GWh)	1,323	1,488	3,031	3,310
Retail Gas Purchases (PJ)	1.1	0.9	3.1	2.5
Average Retail Electricity Purchase Price ($/MWh) [4]	82.59	62.42	84.19	58.31
Energy Management				
Generation				
Total Generation (GWh)	1,791	1,593	3,983	3,535
Generation by Fuel Source:				
Gas (GWh)	671	791	1,490	1,870
Coal (GWh)	473	347	1,034	545
Hydro (GWh)	641	448	1,447	1,105
Wind (GWh)	5	7	13	14
Generation by Fuel Type:				
Thermal (GWh)	1,144	1,138	2,524	2,415
Renewable (GWh)	646	455	1,460	1,120
Generation by Location:				
North Island (GWh)	1,544	1,593	3,490	3,535
South Island (GWh)	246	0	493	0
Average Price Received for Generation ($/MWh) [4]	78.40	68.93	79.89	61.20
Generation Emissions ($ktCO_2$)	735	693	1,612	1,376
Generation Carbon Intensity (ktCO2/GWh)	410	435	405	389
Fuel				
Gas Purchases (PJ)	9.5	11.6	23.0	23.9
Coal Purchases (PJ)	5.8	5.0	11.6	10.6
Wholesale Gas Sales (PJ)	3.3	3.9	8.5	5.4
Wholesale Coal Sales (PJ)	0.8	0.2	1.6	0.5
Gas Used In Internal Generation (PJ)	5.2	6.8	11.5	16.0
Coal Used In Internal Generation (PJ)	5.1	3.7	11.1	5.8
Coal Stockpile - closing balance (kilotonnes)	1,481	1,288	1,481	1,288
Kupe Oil and Gas Field Investment				
Genesis Energy Sales Share				
Gas Sales (PJ)	1.2	1.0	3.0	2.8
Oil Sales (kbbl)	162	61	279	236
LPG Sales (kilotonnes)	5.6	4.4	12.9	12.7

Notes:

[1] December 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.".

[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 of customers.

[4] Excludes settlements from electricity derivatives.

* Customer Experience segment covers retail activities. Energy Management segment covers generation and trading activities.