
Wairakei Investor Site Visit

27 January 2006

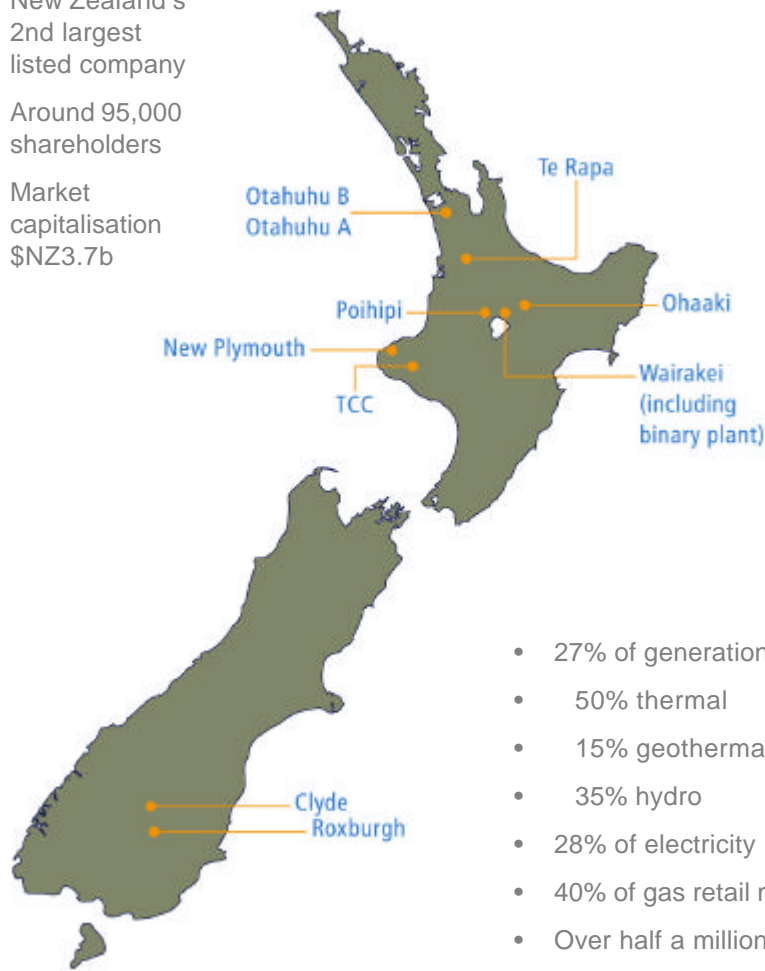


Overview

Contact Energy is the second largest electricity generator in New Zealand.

Company Overview

- New Zealand's 2nd largest listed company
- Around 95,000 shareholders
- Market capitalisation \$NZ3.7b



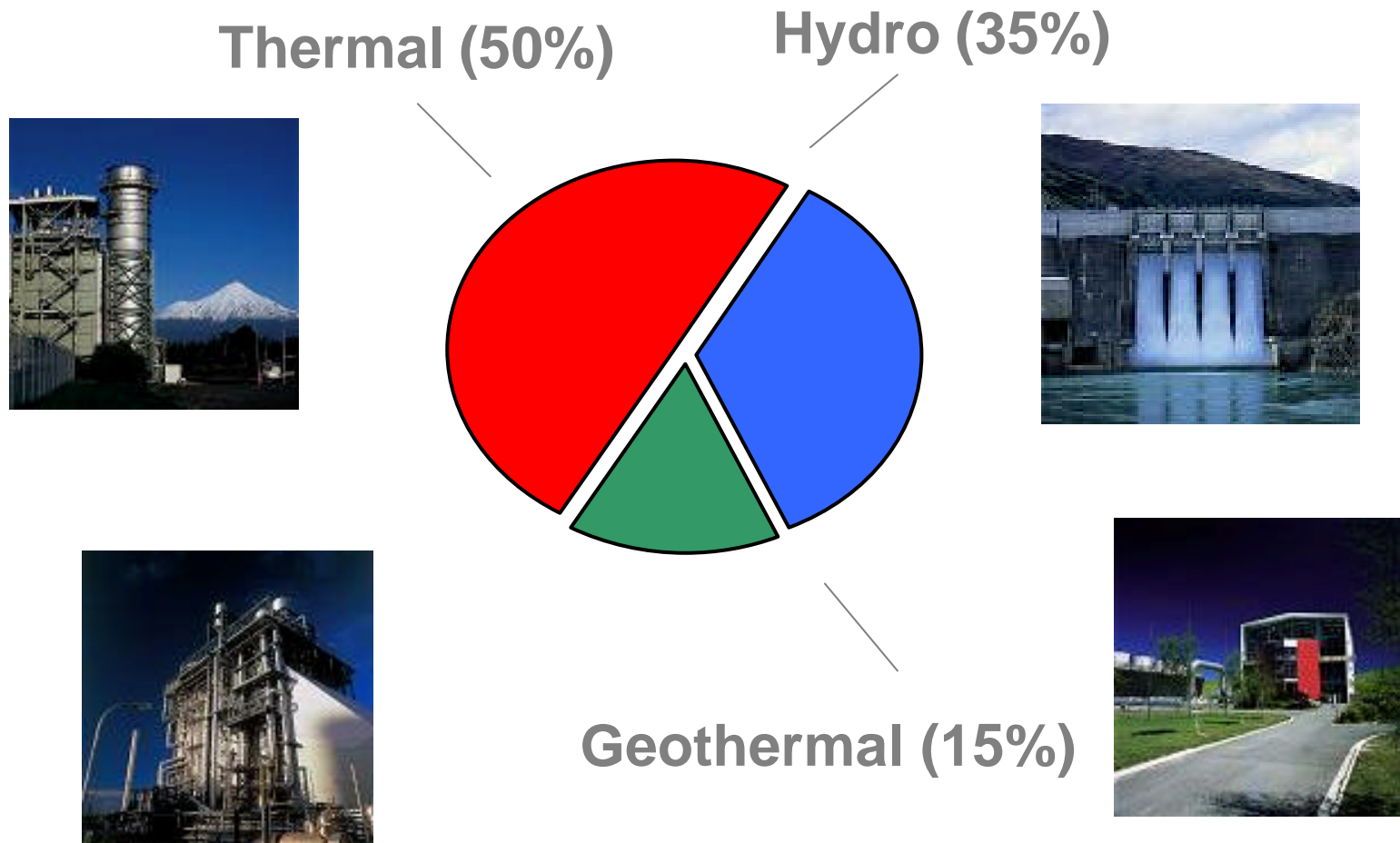
- 27% of generation capacity
- 50% thermal
- 15% geothermal
- 35% hydro
- 28% of electricity retail market
- 40% of gas retail market
- Over half a million customers
- Near national coverage

- KEY**
- electricity retail area
 - new electricity retail offer launched 2004
 - gas retail area



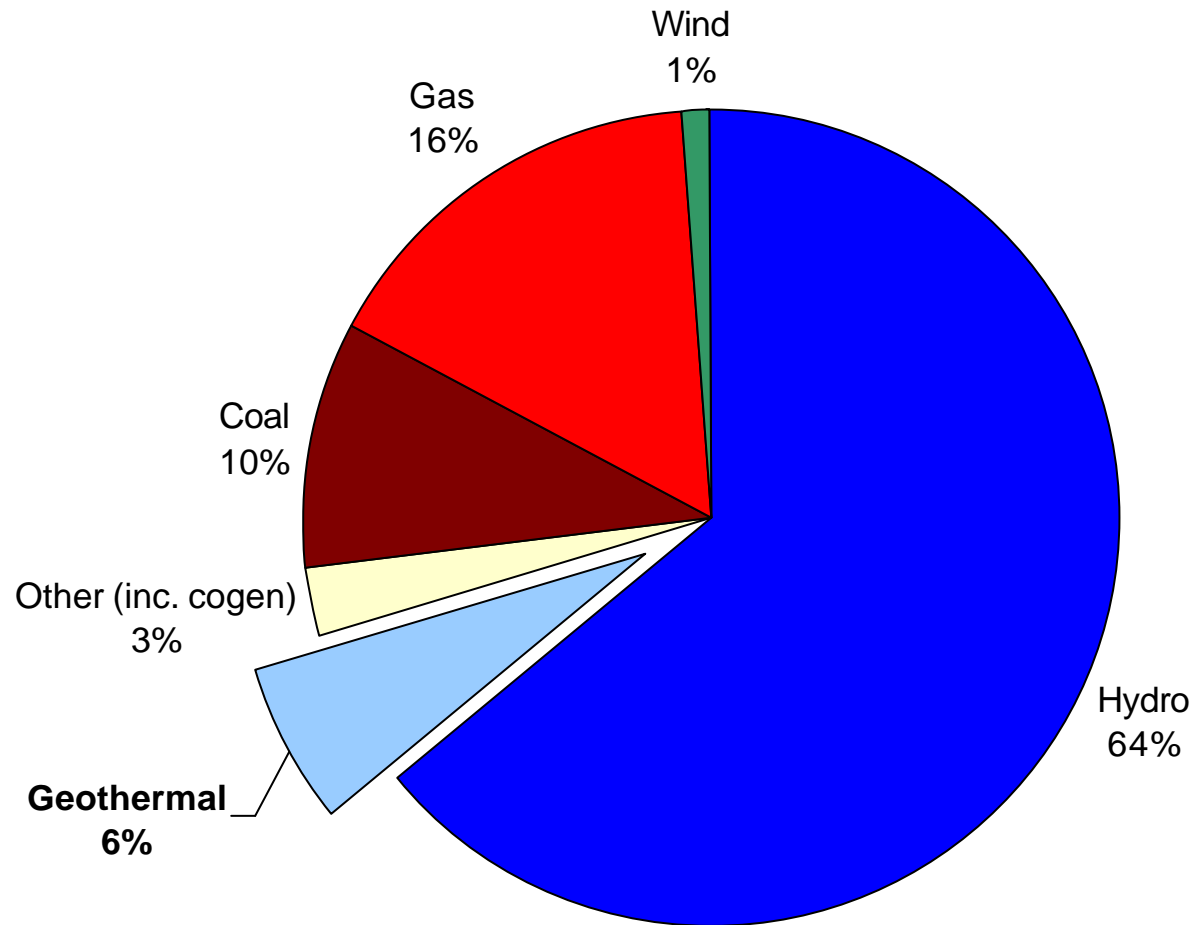
Renewable geothermal generation assets form a significant proportion of Contact's portfolio...

Generation portfolio



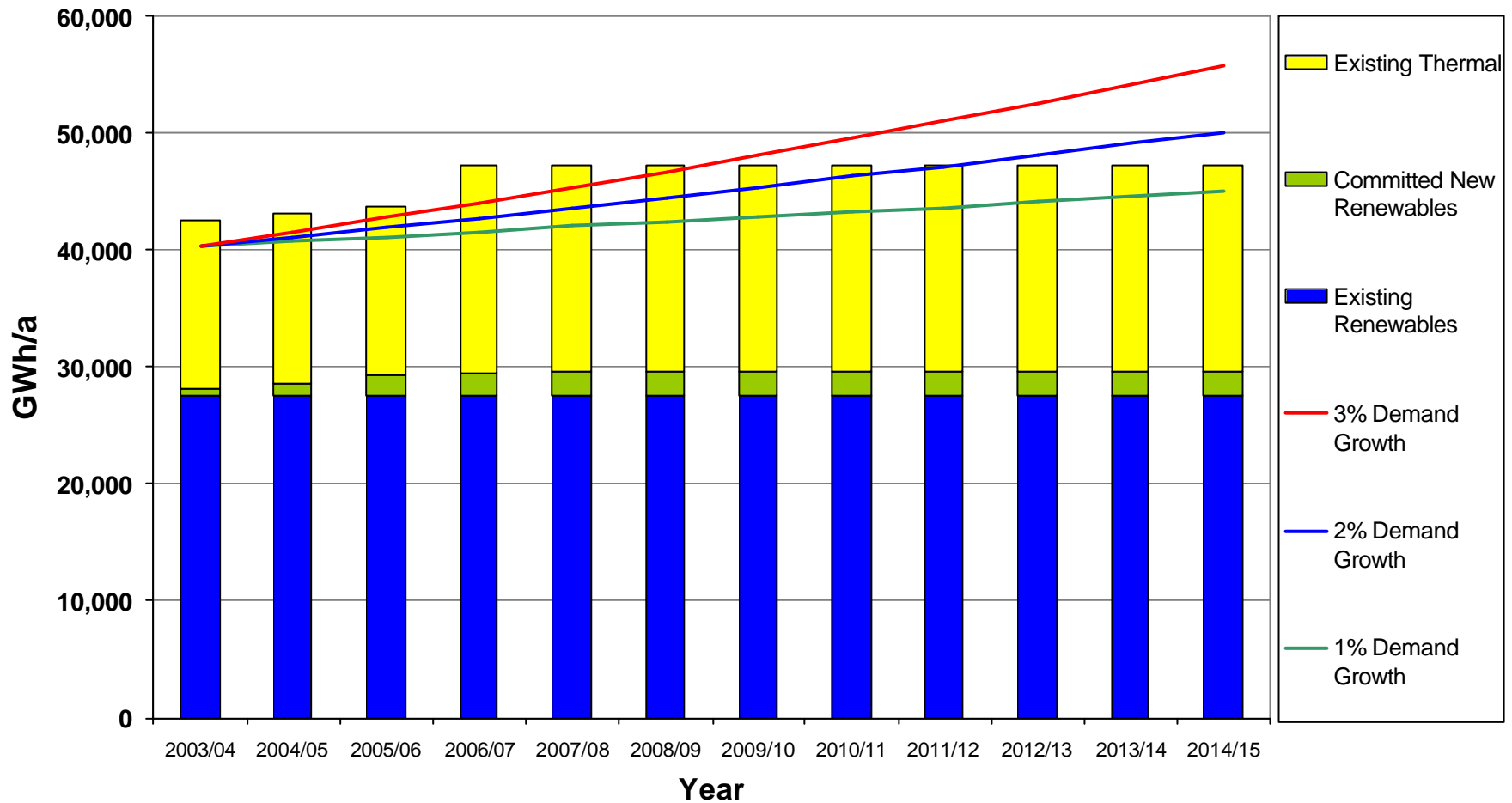
...and total geothermal generation currently represents about 6% of generation in the New Zealand market.

Net Generation by Fuel Type (GWh, YE March 2005)



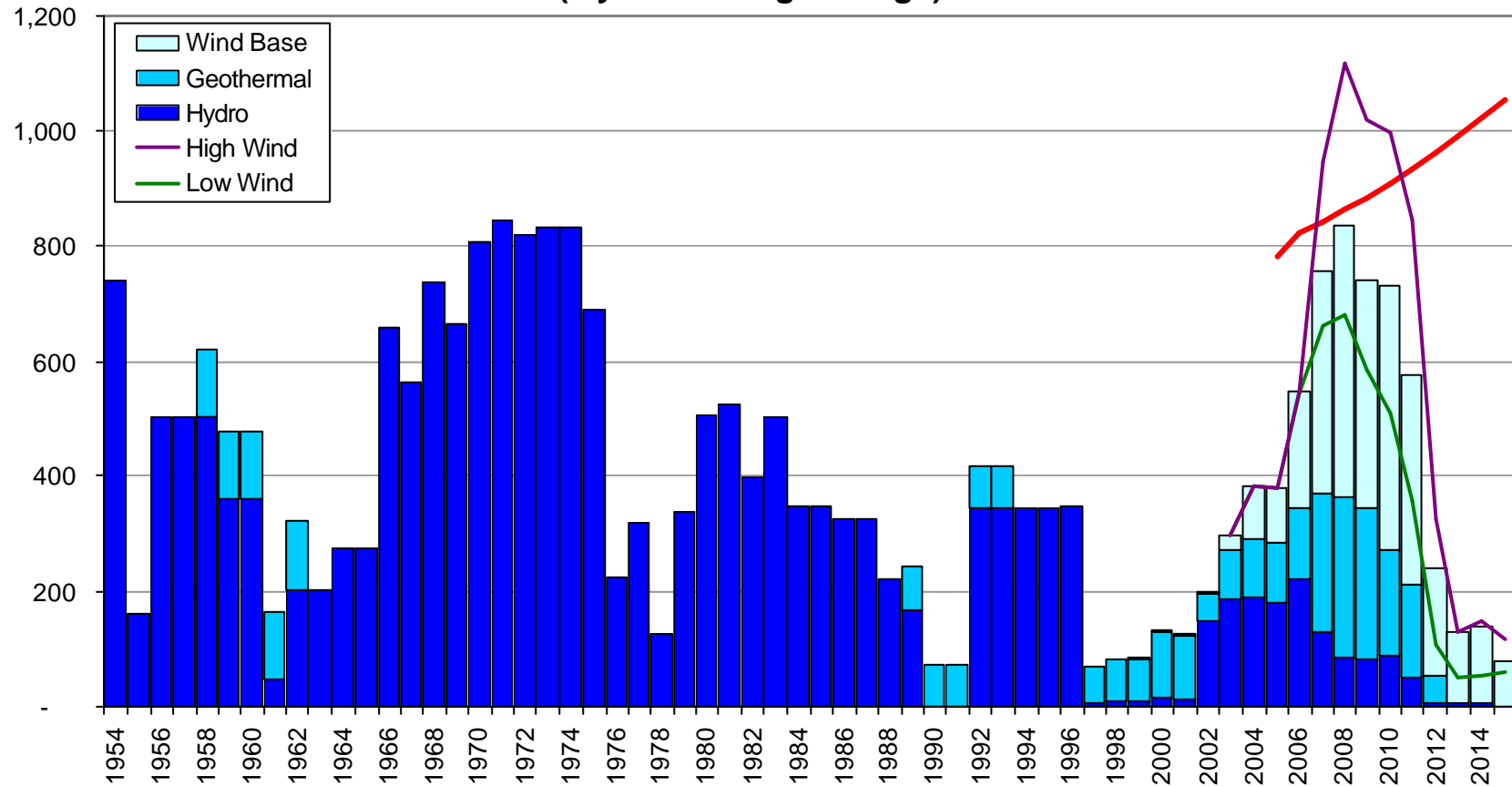
Steady demand growth, and rising prices, signals the opportunity for generation investment...

Electricity Demand and Supply



...renewables will play a role in filling this gap. Geothermal development is a key to this.

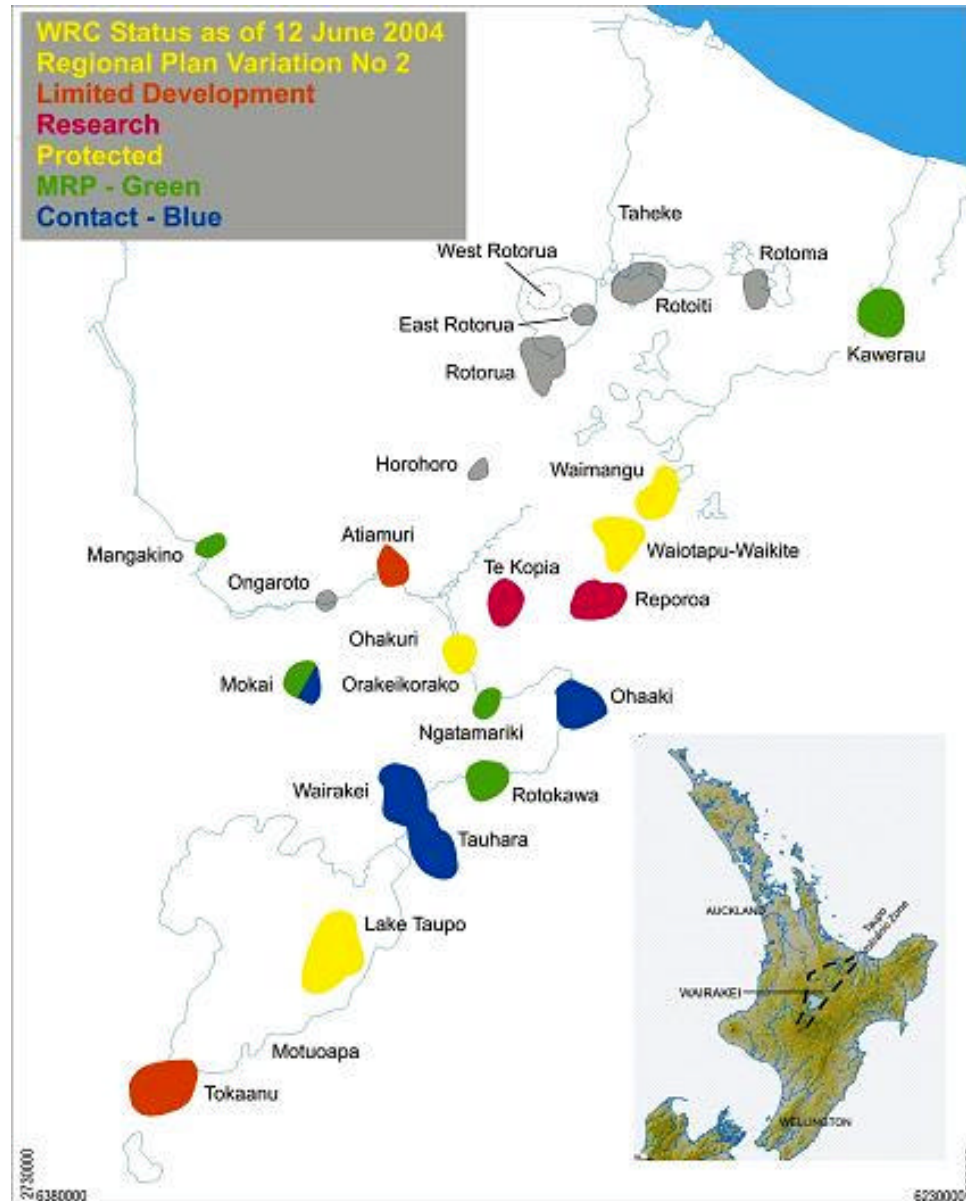
GWh of New Renewables (5 year moving average)



New Zealand's Geothermal Assets

The volcanic plateau around Taupo has the greatest concentration of geothermal fields in New Zealand.

Volcanic Plateau

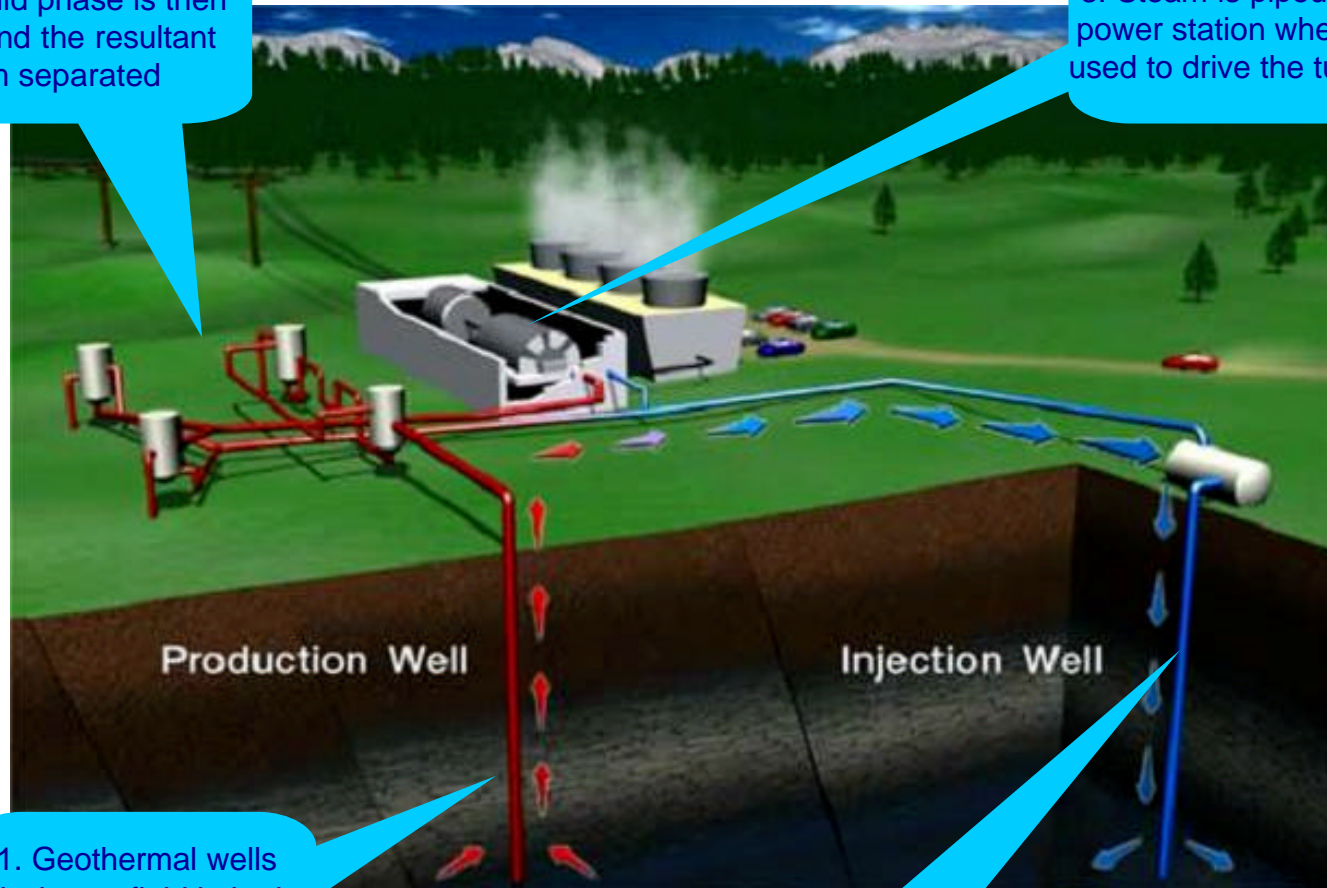


In a geothermal system, heat is sufficiently concentrated to form an energy resource.

Basic Geothermal System

2. The liquid phase is then flashed and the resultant steam separated

3. Steam is piped to the power station where it is used to drive the turbines.



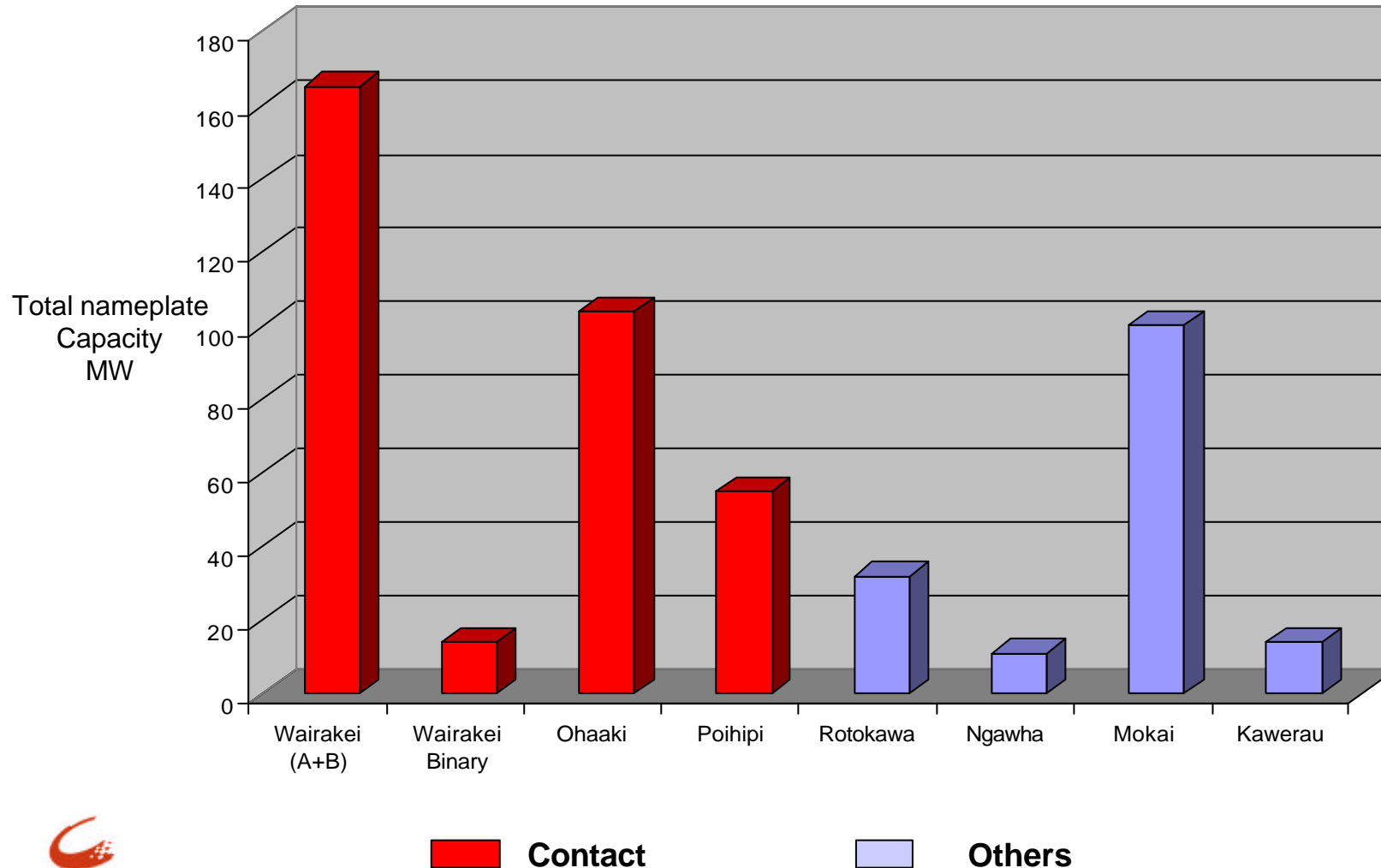
1. Geothermal wells discharge fluid in both liquid and gaseous phases

4. Condensed steam is then re-injected back into the ground

Contact Energy's geothermal portfolio

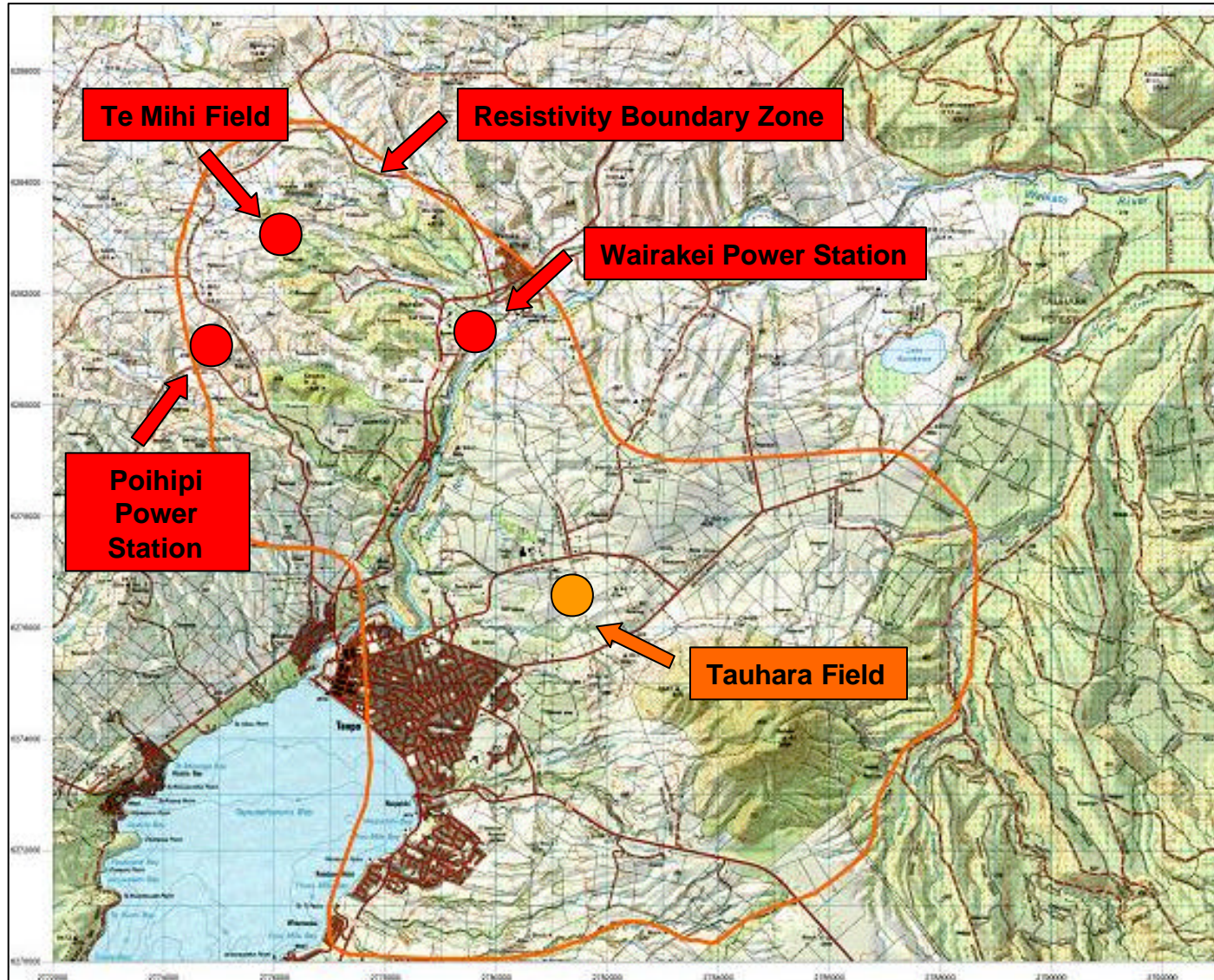
Contact Energy is the largest, most experienced geothermal generator, with four geothermal generating plants....

Current Geothermal Generating Plants



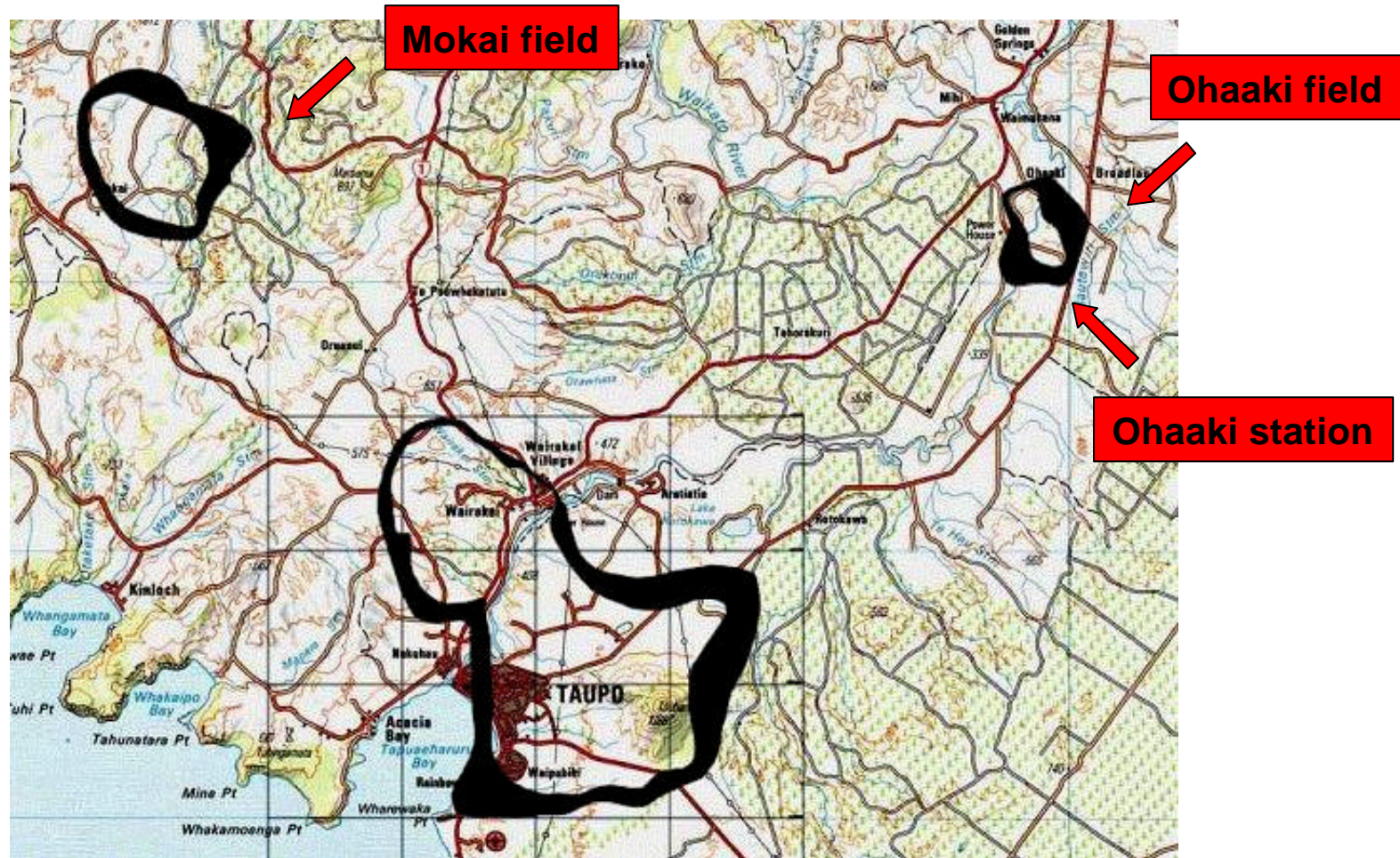
.... and interests in four geothermal fields. Contact's main geothermal activities centre round the Wairakei field...

Wairakei Field



...in addition, Contact has interests in the Ohaaki field and part of the Mokai field.

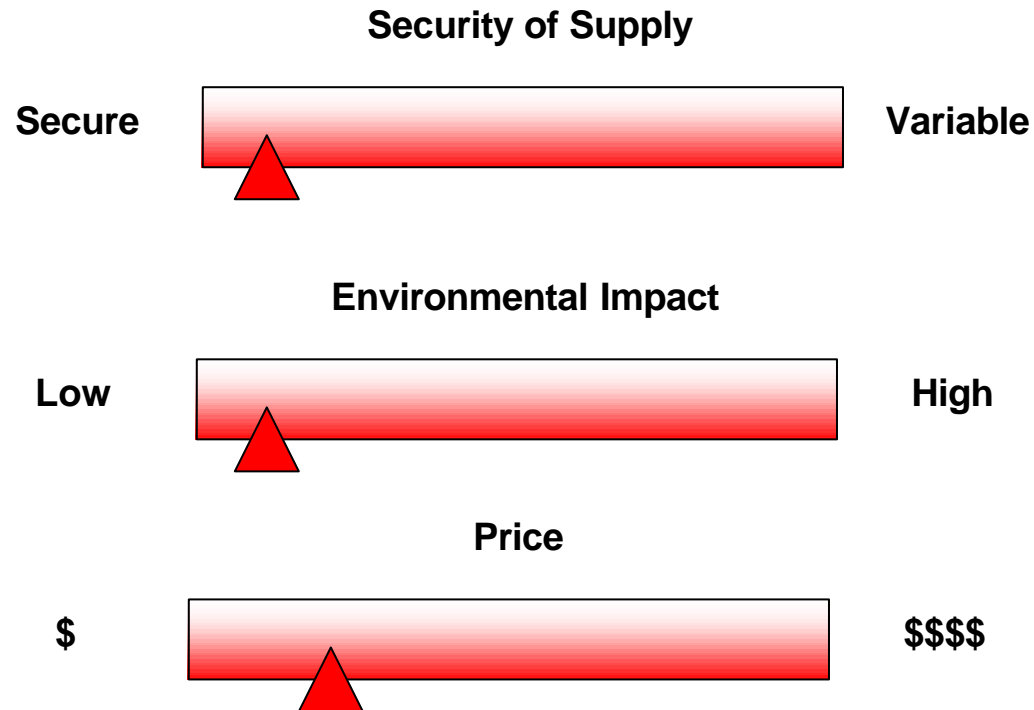
Ohaaki and Mokai Fields



Geothermal Development Options

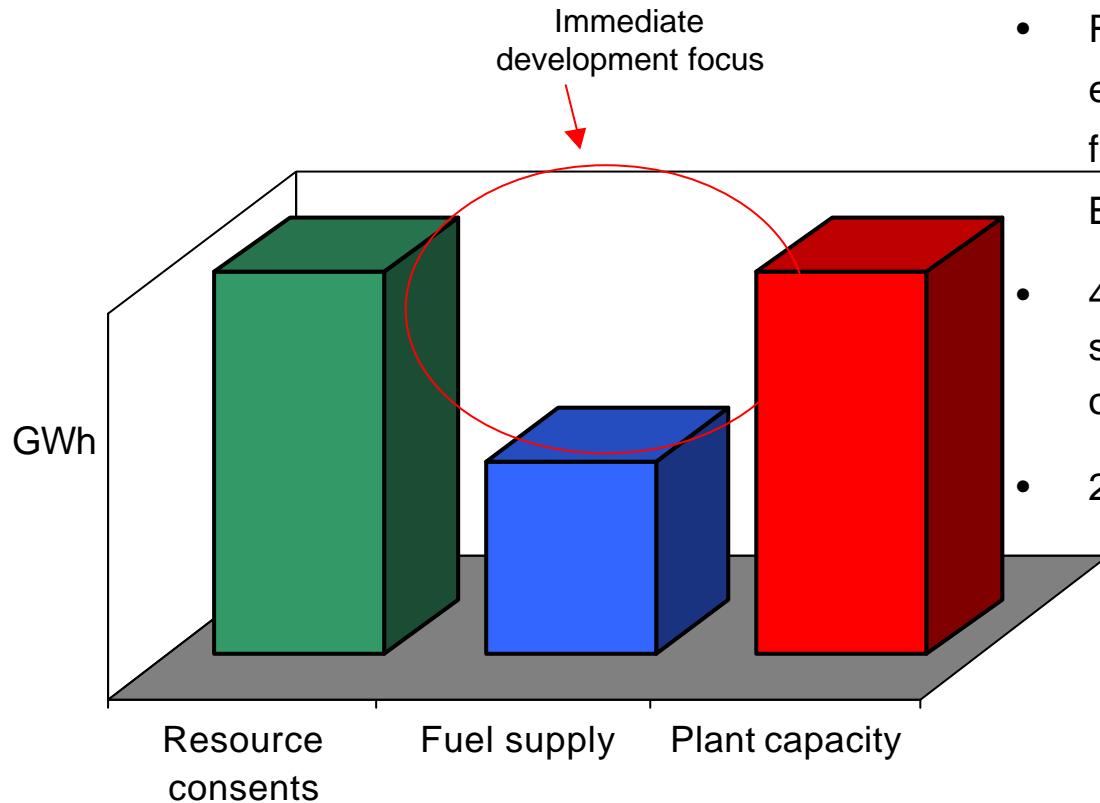
Higher energy prices make it economic to operate geothermal assets at a far more intensive mode.

Geothermal economics



Contact's geothermal strategy is first focussed on securing fuel to take existing generation assets to full potential...

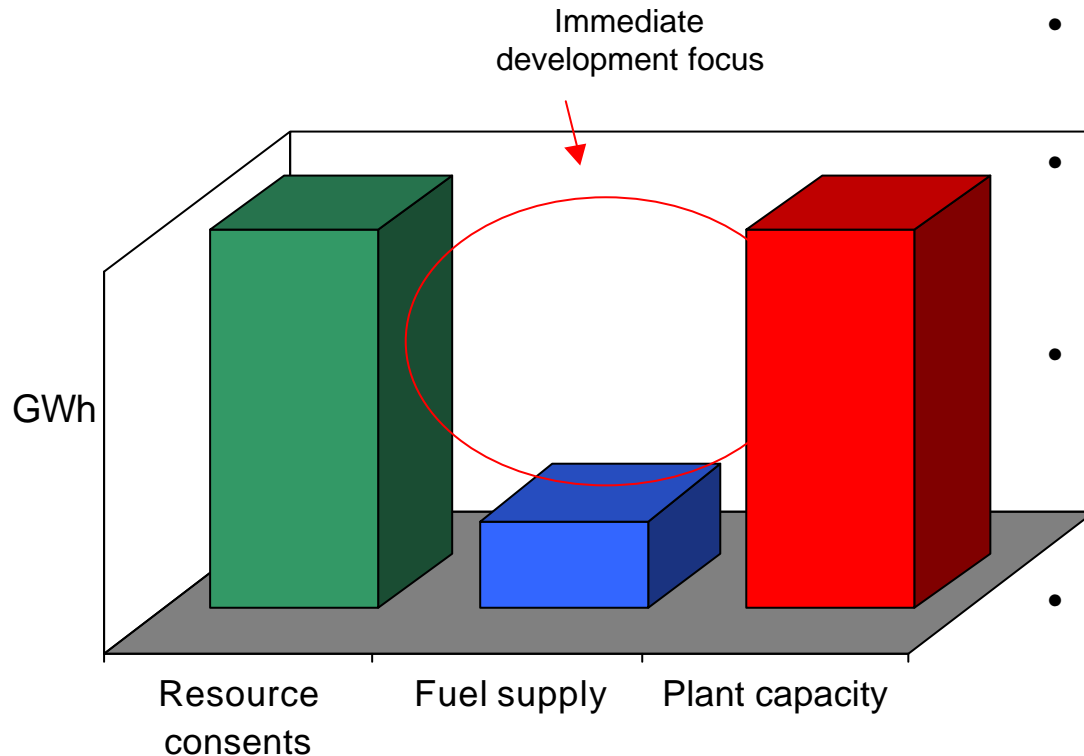
Wairakei/Poihipi development strategy



- Completed the binary plant (16MW)
- Resource consents, under appeal, permit extraction of sufficient geothermal fluid to allow full load operation of Wairakei, Poihipi and Binary stations through to 2026.
- 4 wells drilling programme in 2005 with 75% success rate at Te Mihi - achieved up to 36MW on test against a business case of 18MW.
- 2 steam pipelines are being constructed to:
 - connect Te Mihi field to the to Poihipi (~ 25MW spare turbine capacity);
 - reduce the pressure drop when transporting steam to Wairakei (10MW production increase).
- 2 further “deep” wells are being drilled in 2006 to test the potential of the resource

...the experience at Wairakei and Te Mihi is now being applied to Ohaaki to increase the station's production capacity.

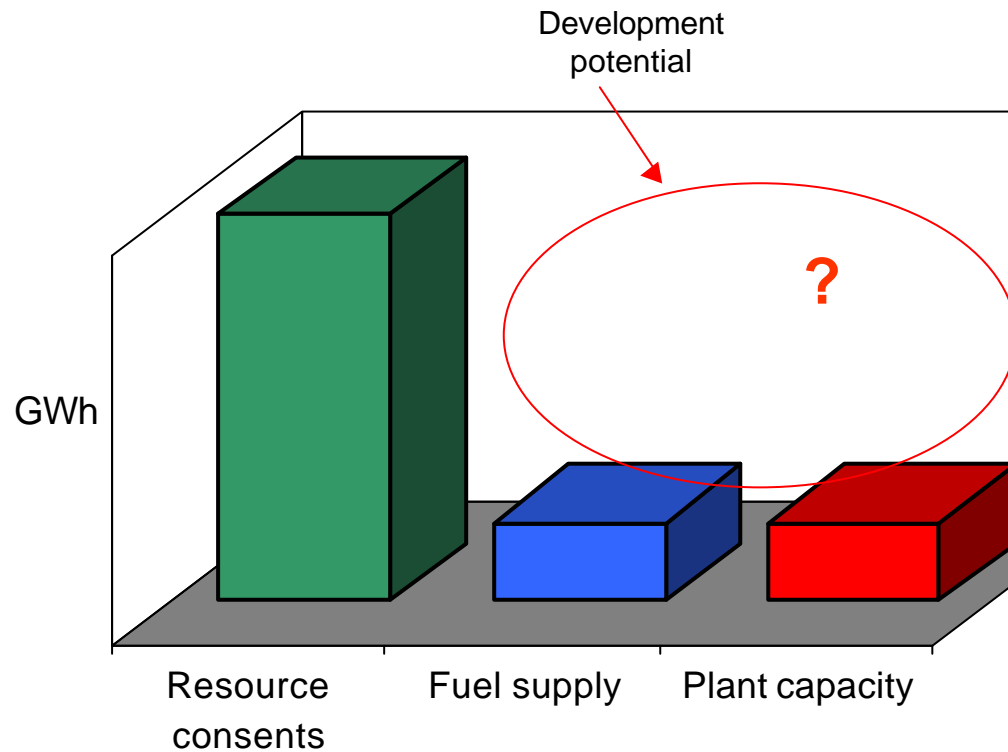
Ohaaki development strategy



- Resource consents for the plant have been secured.
- Ohaaki has a nameplate capacity of 105MW and current production of only 28MW.
- Contact is drilling 1 shallow and 2 deep production wells expected to produce 14MW of generation.
- If successful, Contact is considering converting one of the turbines to low pressure and thereby producing a further 10MW of generation from the same fluid take.
- Contact believe the Ohaaki field is capable of producing fuel for up to 50MW on an ongoing basis.

.....and at Tauhara.

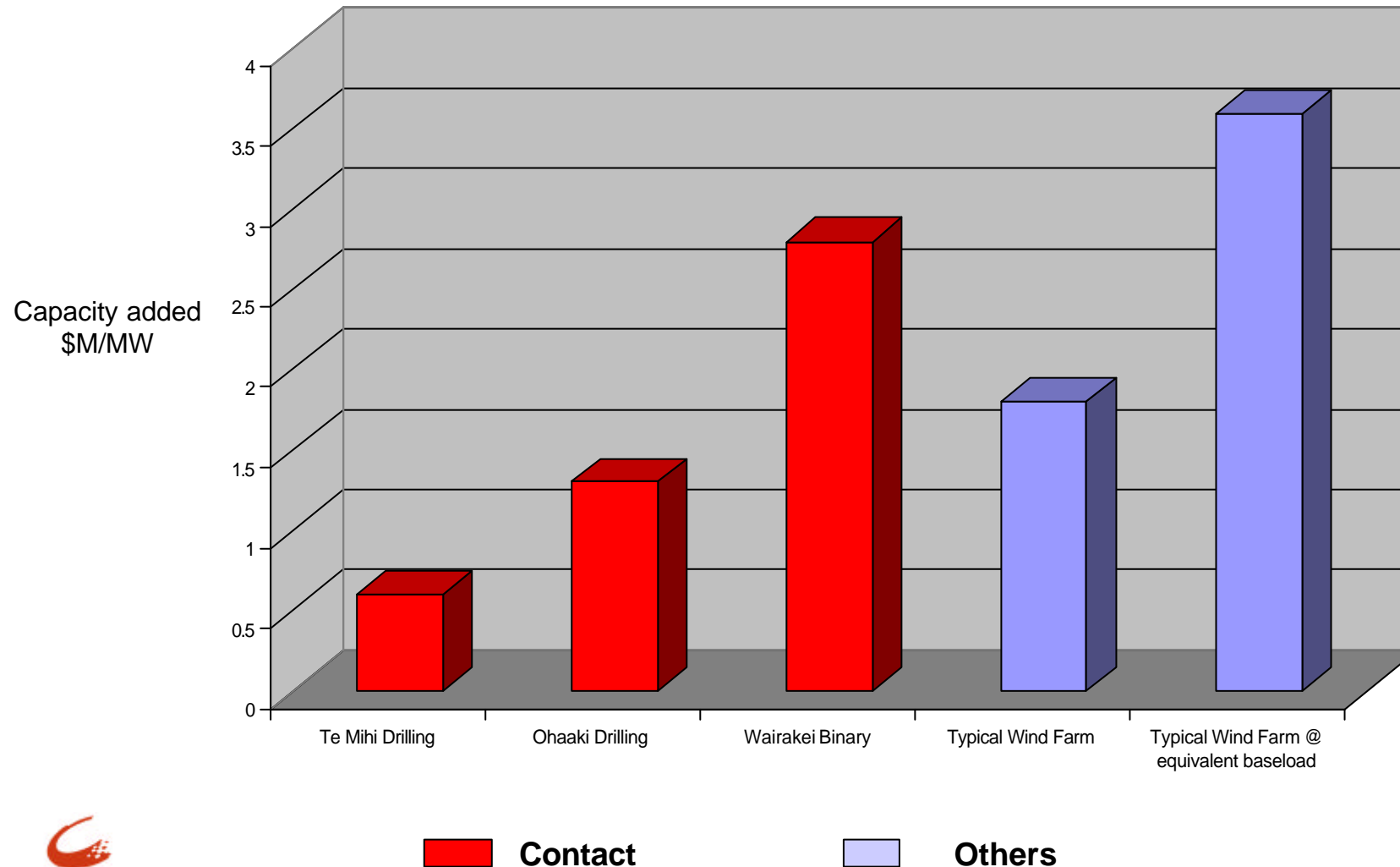
Tauhara drilling programme



- Contact has significant geothermal rights in large tracts of land in an area within the Tauhara field.
- Contact has resource consent to extract 20,000 (tonnes per day) of geothermal from the field at Tauhara:
 - Contact is already contracted to supply direct heat to Tenon's Taupo Mill kilns to replace natural gas for 10 years;
 - Scope to expand this efficient direct heat concept to other industry in the area.

“Brownfield” production additions are economically attractive ...

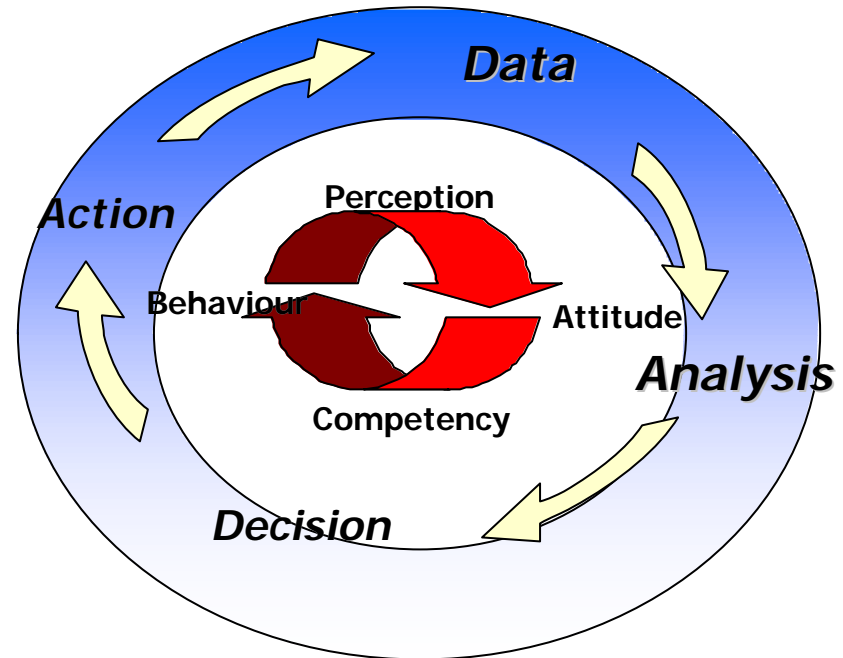
Cost of additions (*approximate*)



In addition to capital expenditure on drilling, Contact has a significant programme aimed at operational improvements.

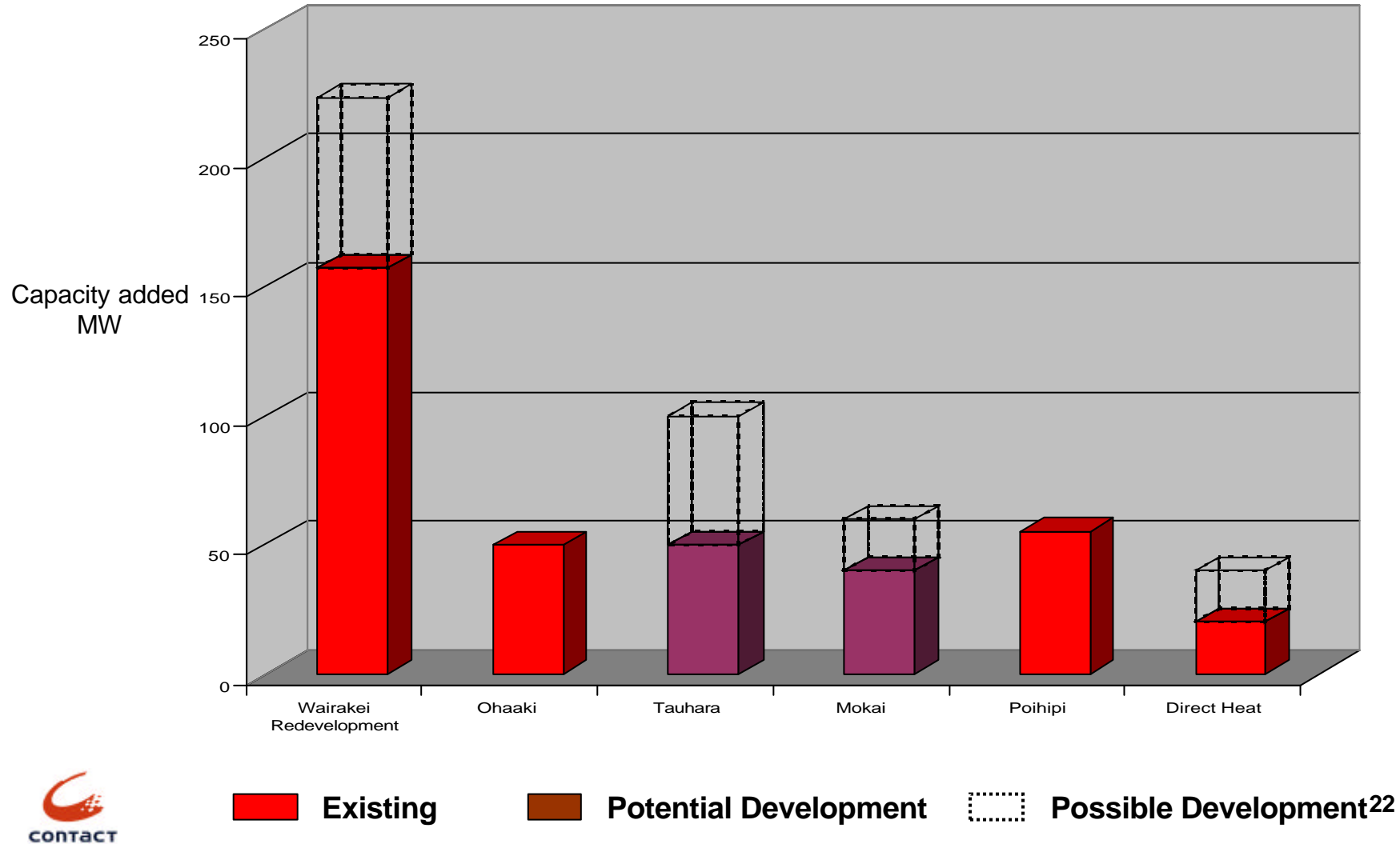
Project Precision

- Project precision is variance based analysis to highlight opportunities for operational efficiency.
- Recorded Benefits
 - An additional \$1M of annual generation from Poihipi
 - A reduction in maintenance work backlog from an average of 1,000 work orders to 300.
 - Savings in routine contractor spend of \$800k p.a.
 - A reduction in cycle time for steam winning from 500 days to 300 days.



Subject to confirmation of resource potential, and consents, the following developments/re-developments are being contemplated.

Geothermal Potential



Conclusion

- Investment in geothermal development presents significant value opportunity given higher electricity prices
- Contact is well positioned, as NZ's largest and most experienced geothermal operator, to take advantage of these value opportunities
- Focus in the short term is on securing sufficient steam to take generation to its full resource consent limits. In the long term, the potential to explore new greenfield options is attractive