

Contact Energy begins storing gas in underground Ahuroa reservoir

9 March 2009 - Contact Energy has begun storing gas in its underground Ahuroa gas storage facility in onshore Taranaki in a part of the TAWN gas fields now controlled by Contact's majority owner Origin Energy.

Origin Energy said in its fourth quarter report of 2008 that the first volumes of gas were injected into the Ahuroa reservoir in December as part of stage 1 of the project.

The development and injection of gas will continue throughout 2009.

Development of stage 2 (full injection and withdrawal) of the project was also progressed during the December 2008 quarter.

The Ahuroa reservoir, when fully developed in 2010, will be New Zealand's first underground gas storage facility.

Ahuroa will help Contact Energy to store natural gas at periods when it has access to lower-cost generation such as geothermal or hydro electricity.

This will allow Contact to use its gas-fired power stations when market conditions justify, and provide the flexibility to have enough gas to operate both its 367MW Taranaki Combined Cycle power station, and its new 200MW fast-start gas peaking plant being built at Stratford next to the TCC plant.

The \$250 million Stratford peaking project is expected to be generating power by the winter of 2010 with the Ahuroa gas storage completed by the same time.

Origin is managing the Ahuroa development for Contact.

Origin last year bought the onshore TAWN fields along with the Rimu-Kauri fields from the US-based Swift Energy. Contact contributed about \$NZ54 million for the right to own and develop Ahuroa and to buy the remaining gas reserves in Ahuroa.

Sources: Origin Energy, Contact Energy and Lindsay Clark