


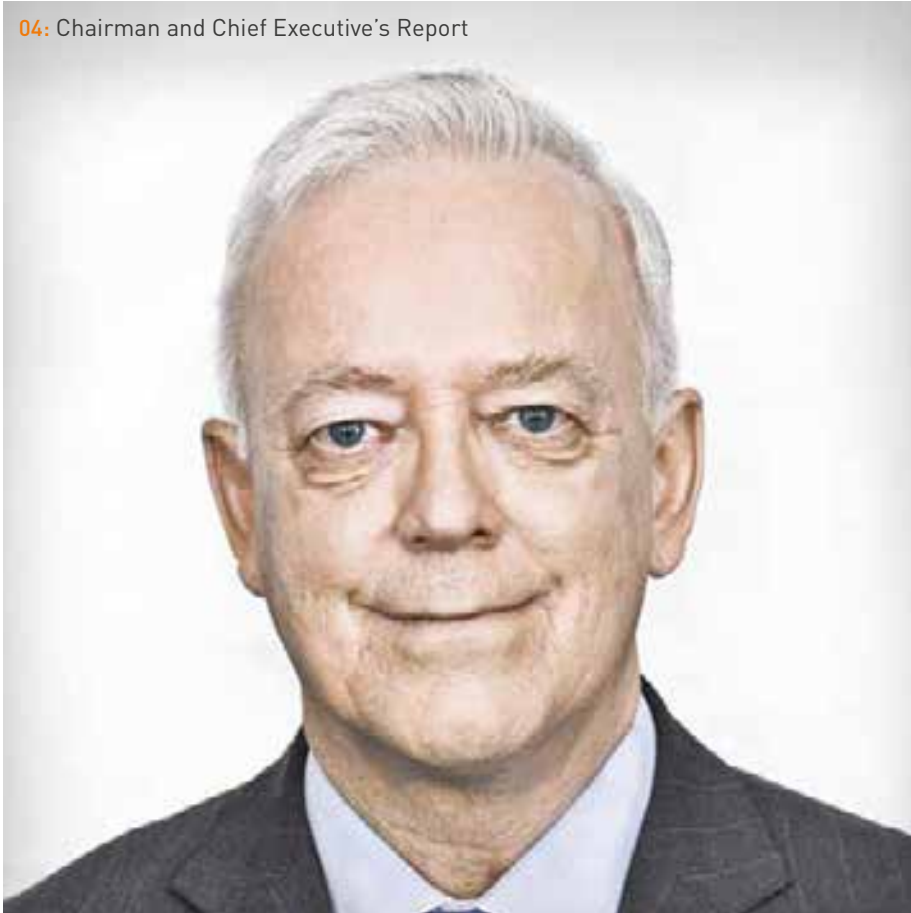
“Open Conversations”



} “I have been proud to serve as the Chairman of the Board of Genesis Energy for this past decade. In that time, we, the Board, the Executive and staff, have grown this company from a fledgling power company to a comprehensive energy company. It has been an honour to be involved in the decision-making processes that resulted in the construction of new assets for the country, the delivery of vital energy supplies for home and industry, the development of our people and the delivery of positive value for the ultimate owner – the people of New Zealand.”

 Brian Corban CNZM, QSO
Chairman

04: Chairman and Chief Executive's Report



22: Retail Review



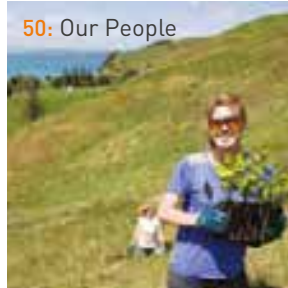
32: Sustainability



“At the end of my first year at Genesis Energy, I can honestly say that we’re well on our way to being the sort of business we need to be: something I’m really happy to talk about in this report.”

/ Albert Brantley
Chief Executive

50: Our People



“Strong ties with our neighbours are strengths for us.” }

42: Community



14: Production



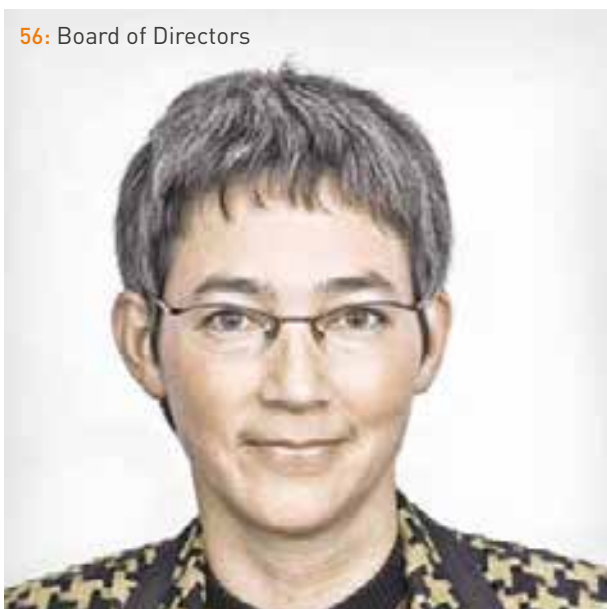
42: Community



28: Generation Development



56: Board of Directors



} *“We are focused on creating a sound, sustainable business.”*

Contents

04	Chairman and Chief Executive's Report
10	Financial Highlights and Challenges
14	Production Review
22	Retail Review
28	Generation and Fuels Development
32	Approach to Sustainability
34	Internal Footprint
38	Participation in Public Policy
42	Community
50	Our People
56	Board of Directors
58	Senior Management
60	Corporate Governance
64	About this Report
65	Independent Assurance Statement
66	Targets and Actions Report
73	Global Reporting Initiative Index
78	Stakeholder Engagement
80	Physical Assets
81	Directory

} “What challenges do you face?”

April 2009 marked 10 years of operations for Genesis Energy. Today the Company's Board of Directors and Executive team are focused on creating a sustainable business for the decades ahead. To Genesis Energy, being a sustainable business means being efficient, financially viable, socially responsible and committed to good environmental management. We are integrating the concept of sustainability into each part of the business. This move is driven as much by commercial imperatives as by environmental and social needs.

To be sustainable and to be successful for another decade and more, the Company has to respond positively to changes in the environment in which we all work and live. In the past year, the Company recruited a new Chief Executive, the Government changed, the recession continued and deepened, there was legislation for an Emissions Trading Scheme and the electricity market saw a period of generation capacity growth coupled with increased levels of competition in the retail electricity and gas markets.

All of these events have contributed to a review of our business structure, our generation and customer profile and our long-term business strategy. We are now engaged in transforming Genesis Energy with a strategy to position it for the

long term. After 10 years of growth and success in our Retail, Generation and Fuels Development business units, we are focused on consolidation to create a company that is the right size and shape for the future. More than ever we are focused on efficiency, productivity, capability and profitability.

We believe that Genesis Energy is the company in the electricity sector most challenged by changes in the energy market place. There is no escaping the real pressure on our operating costs and particularly of the future impacts of the Emissions Trading Scheme on our trading activities. We must also respond to the competitive pressure from newly commissioned lower cost or 'must run' generation, shareholder expectations for value enhancement and our responsibilities

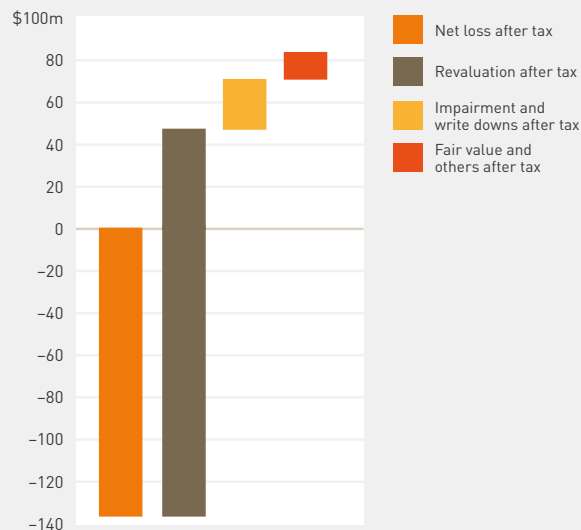
to the people and the environment in the communities in which we operate.

Adapting and reacting positively to new commercial and regulatory imperatives has necessitated a change in our internal drivers and culture. We are working with our staff to ensure the new vision is embedded throughout all of the Company's activities. We also want our stakeholders to see that we are acting and responding in a different manner. There should be little doubt that Genesis Energy is serious about meeting its challenges. The Board and Executive have determined a strategy they are confident is in the best interests of the Company.

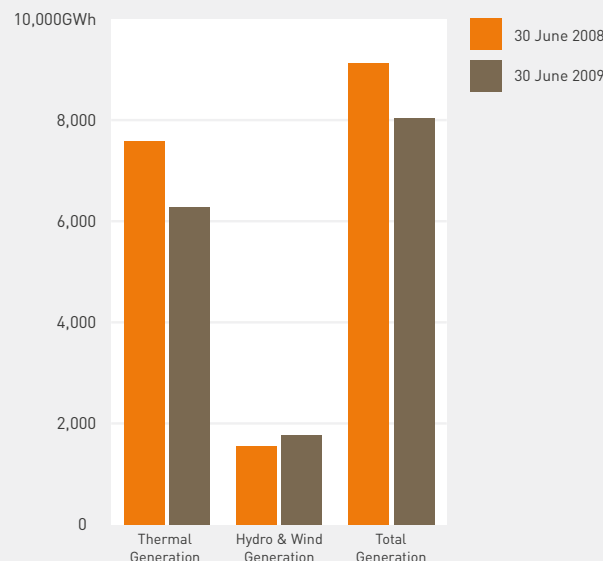
The challenge for Huntly

The most significant and immediate issue facing Genesis Energy is the long-term future of its coal/gas-fired Units 1 to 4 at Huntly Power Station. Considerable capital and operating expenditure is required to keep these units available to the market, yet their projected output in an average hydrological year is declining as new generation with short run marginal costs lower than the costs of these units enters the wholesale electricity market.

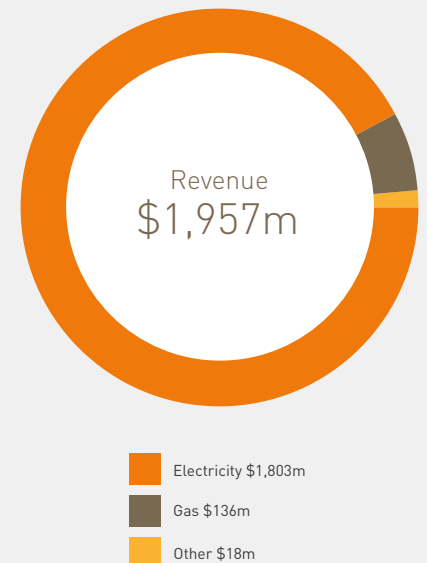
Reconciliation from reported loss to underlying earnings



Production Performance



Revenue by Sector



“ We operate in an ever-changing world.” }

The crucial issue for the Company is how to derive a commercial return on plant such as Huntly Units 1 to 4 that provides more value to the country than it does to the Company.

Brian Corban CNZM, QSO
Chairman



Performance Summary	30 June 2009	30 June 2008
Thermal generation GWh	6,276	7,575
Hydro and wind generation GWh	1,770	1,551
Total Generation	8,046	9,126
Average wholesale electricity price \$/MWh	67.82	115.13
Retail sales GWh	6,970	7,143
Average energy purchase price \$/MWh	67.73	113.50
Gas used in internal generation PJ	26.50	34.40
Coal used in internal generation PJ	31.00	35.80
Total fuel used in internal generation PJ	57.50	70.20
Gas sales PJ	5.80	6.80

An Emissions Trading Scheme will put further pressure on maintaining the output from Huntly.

On the other hand, there is no doubt that Huntly Units 1 to 4 play a special role in the wholesale electricity market. They continue to underpin the risk exposure of hydro generators to the not infrequent dry years experienced in New Zealand. The ability of these Huntly units to run on gas or coal provides further fuel diversity important to a country increasingly reliant on renewable generation. Despite this support, the commercial reality is that prices as seen in the wholesale market during recent dry years are simply insufficient to recover the high fixed capital and operating costs necessary to maintain the future availability of Huntly Units 1 to 4 to the market.

Simply put, the crucial issue is how to derive a commercial return on plant that provides more value to the country than it does to the Company.

Operating with a renewed focus on profitability requires the Company, like any other commercial organisation, to earn a satisfactory return on its assets. The Company is revising its asset management strategy for Huntly in light of the projected reduction in generation output from Units 1 to 4. In the absence of any commercial arrangements to underpin the continued availability of these units, we are also developing a plan to place the first two of these units on a progressive, early retirement profile. From a commercial viewpoint, Genesis Energy has to accept that it is not responsible for providing security

of supply without adequate compensation. Nevertheless, the Company acknowledges that this approach raises potential concerns for the country, and we continue to pursue ways security of supply can be provided on a commercial basis going forward.

Annual results

The Company undertook a revaluation of its generation assets at year-end which resulted in a net decrease of \$29 million in the value of these assets. A reduction in the valuation of Huntly Units 1 to 4, as well as Unit 6, the open cycle gas-fired peaking unit, was largely offset by an increase in the valuation of our hydro assets and Huntly's combined cycle gas-fired Unit 5. Under accounting rules, the increased valuation of the hydro assets and Unit 5 is taken directly to Shareholders' equity, while the decreased valuation of the thermal assets is charged to the income statement. This revaluation highlights the challenges facing the Company.

We have reported a Net Loss after Tax of \$136 million for the 2008/2009 financial year. This loss was largely due to the \$261 million charge to the income statement for the generation assets that reduced in value, as noted previously. The result was also impacted by a number of accounting adjustments including impairment of certain gas exploration and business development activities.

Board Changes

During the year the Board farewelled two Board Directors: John Stace and Mike Williams.

The Board thanks them for their service to the Company over the years.

Joining the Board during the year were Sara Lunam, Graeme Milne and Denis Wood.

} “What’s the size and shape of Genesis Energy?”

However, this year we have achieved underlying earnings after tax of \$82 million. This is a good performance considering the challenging market conditions and the increasing costs facing the Company.

Total revenue for the year was \$1,957 million, a decrease from the previous year's total revenue of \$2,436 million, while total operating costs for the year were \$1,755 million, against \$2,136 million for last year. Capital expenditure totalled \$227 million. The majority of capital expenditure was applied to the Kupe gas project with other capital applied to plant upgrades at Huntly and Tokaanu Power Stations, and gas exploration at Mangatōa.

The cost of fuel burnt in our thermal plant also illustrates the decreasing despatch of output from Huntly Units 1 to 4. Despite the dry conditions of winter 2008 impacting the first quarter of this financial year the fuel burn cost of \$355 million for the year was less than the \$402 million in the previous year.

high-efficiency combined cycle gas turbine at Huntly, Unit 5, remains competitive in the market and extremely reliable, as do our hydro assets at Tongariro and Waikaremoana. However, if commercial arrangements are not concluded to ensure the continued availability to the market of Huntly Units 1 to 4, then the Company will commence a retirement programme to remove them from the market.

We are gradually reshaping our Retail portfolio to match our lower-cost and more efficient generating units, specifically Unit 5, and our hydro generation. At the same time we recognise that to remain a significant retailer of electricity over the long term will require us to develop lower-cost generation in the coming years.

In the past year we have concentrated on reviewing our development activities. We are open-minded about what we would consider and we are intent on pursuing projects which position us well for the future. Renewable energy,

generation will come with a lighter carbon footprint and greater social acceptance of Genesis Energy as an operating entity.

Driving efficiency into the business

Genesis Energy has always been a relatively lean business. However, there is no room for complacency and we are taking a long hard look at all of our business functions, seeking new efficiencies and improvements in business practices.

Bringing the customer contact centre in-house after several years as an out-sourced operation is one example of this

“Renewable energy, where it makes economic sense, has to be the preferred option for new lower-cost generation.”

Managing our portfolio

A sustainable approach requires us to look at the shape and size of the business and what is appropriate new development, and how we operate in all areas. We have simplified our sustainability objectives this year and have aligned these objectives throughout our business planning. This alignment builds on the groundwork we have laid in previous years' objectives and targets. This approach ensures that our business strategy responds to the economic realities of the world in which we operate, recognises our social and environmental responsibilities, and also positions us to respond appropriately to government policy.

Historically our approach to managing our generating assets was to ensure a high availability from all the Huntly Units to meet our Retail customer demand profile. The new

where it makes economic sense, has to be the preferred option for new generation. We are accelerating our renewable energy development programme and, at the same time, have initiated engineering studies on new, high-efficiency gas generation options.

There has been more progress in our renewable development programme than may have been expected a short time ago. We have two wind farm development sites agreed with landowners, with wind-monitoring masts in place and environmental and engineering assessments under way. We are also conducting investigations into a number of small-to-medium-sized hydroelectricity prospects in both the North and South Islands. This shift in the Company's development approach is in line with the way a sustainable business should be operated. Additional renewable

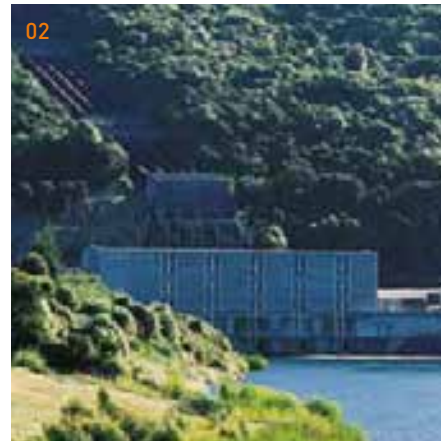


“The right size and shape.”



We're moving towards right-sizing the business. That doesn't necessarily mean smaller but smarter, more efficient and delivering choice and benefits for our customers.

 **Albert Brantley**
Chief Executive



drive to greater efficiency, which we believe will have the added benefit of a closer relationship with our customers.

The Company's strategy is focused on creating a profitable generation and retail business for the benefit of our shareholders. If we concentrate on being efficient and doing things in a measured and flexible but decisive manner, we will grow a company that delivers good results for our shareholders and an excellent level of service for our customers. We also strive to be a company that operates with respect for our local communities and with a high degree of corporate responsibility.

At Genesis Energy we are focused on being a strong business that is commercially responsible and delivers long-term wealth for our shareholders.



01: Tuai
Penstocks at Tuai.

02: Tokaanu
Penstocks and station.

03: Tongariro
River intake structure.

The Chairman and Chief Executive appreciate the enormous support they have had from the directors, the senior management team and staff in a demanding year of change, challenge and new direction. The level of engagement and enthusiasm from our employees is a clear sign of the integration of the new approach into all of the Company's activities, and our employees' continued support will be essential to our future success.

 **Brian Corban** CNZM, QSO
Chairman

 **Albert Brantley**
Chief Executive

“He aha ngā wero kei mua i a koe?”

I te Paenga-whāwhā 2009 i eke te 10 tau o ngā whakahaeretanga a Genesis Energy. I tēnei rā e arotahi ana te Poari Tumuaki me te Rōpū Whakahaere Matua a te Pakihi ki te waihanga i tētahi pakihī pūmau mō ngā tekau tau e tū mai. Ki a Genesis Energy, ko te tikanga pakihī pūmau ko te noho māia, te mahi moni, te whai kawenga pāpori me te ū ki ngā whakahaerenga taiao pai. Kei te whakakotahihia e mātau te kaupapa pūmautanga ki roto ki ia wāhanga o te pakihī. Ko te kōkiri nui kei te ahu mai i ngā whakahau ōhanga, tēnā i ngā hiahia taiao me te pāpori.

Mō te noho pūmau me te momoho mō tētahi tekau tau anō, neke atu hoki, me pai te urupare a te Pakihi ki ngā panonitanga i roto i te taiao e noho nei, e mahi hoki tātau katoa. I roto i te tau kua hipa, kua tohua e mātau tētahi Manahautū hou, kua uru mai he Kāwanatanga hou, e hōhono haere kē atu te pāheketanga ohaoha, he ture mō tētahi Kaupapa Whakawhiti Waro me te tipu o te kaha whakanaonga hiko ki te mākete hiko me te piki anō o te whakataetae i roto i te wāhanga hoko hiko me ngā mākete kapuni.

Nā ēnei kaupapa katoa i puta tētahi arotake ki te hanganga o tā mātau pakihī, whakanaonga hiko me te kōtaha o ā mātau kiritaki me tā mātau rautaki pakihī wā roa. I tēnei wā kei te whakarite panonitanga mātau mō Genesis Energy me tētahi rautaki mō te oranga wā roa. I muri i ngā tau 10 o te tipu me te momoho i ā mātau wāhanga pakihī Hokohoko, Whakanaonga Hiko me te Whanaketanga Koranehe, e arotahi ana mātau ki te whakatōpūtanga hei waihanga i tētahi pakihī rahinga me te āhua tōtika mō ngā rā e tū mai. He tino nui tā mātau arotahi ki te māiatanga, te whakaputaranga, te kaha me te whaihua.

E whakapono ana mātau ko Genesis Energy te pakihī o te rāngai hiko katoa e

wero nuihia ana e ngā panonitanga i roto i te wāhi mākete hiko. Kāore he parenga i ngā pēhitanga ki ā mātau utu whakahaere, ā, otirā mō ngā pānga i ngā rā e tū mai o te Kaupapa Whakawhiti Waro ki ā mātau mahi tauhokohoko. Me urupare anō mātau ki te pēhitanga whakataetae mai i ngā whakanaonga hiko whakaiti utu i tīmataria ina tata nei, ngā tūmanako a ngā kaupupuri hea mō te whakarei uara me ō mātau kawenga ki te iwi me te taiao i roto i ngā hapori e mahi nei mātau.

Ko te urutau me te urupare pai ki ngā whakahau arumoni, ture hoki i puta ngā panonitanga ki ā mātau kōkiritanga whakahaere ō roto me te ahurea. E mahi ana mātau me ā mātau kaimahi ki te whakapūmau i te whāinga hou kia whaohia ki roto i ngā mahi katoa a te Pakihi. E hiahia anō mātau kia kite ā mātau kaupupuri hea kua rerekē te āhua o ā mātau mahi, urupare hoki. E pono ana a Genesis Energy ki te whakatutuki i ana wero. Kua whakatauhia e te Poari me ngā Kaiwhakahaere Matua tētahi rautaki mō te painga o te Pakihi.

Te wero mō Rāhui Pōkeka

Ko te take tino hira, tōmua hoki kei mua i a Genesis Energy ko te oranga wā roa o ana Wāhanga 1 ki te 4 tahu waro/kapuni i te Teihana Hiko o Rāhui Pōkeka. He nui te moni me te whakapau moni whakahaerenga e hiahiatia e wātea ai ēnei wāhanga ki te mākete, engari ko ngā putanga e whakaarohia ana mō tātahi tau toharite wai hiko ka iti haere ina ka puta mai ngā whakanaonga hiko hou me ngā whakahaere poto utu iti ake i ngā utu mō ēnei, e uru nei ki te mākete hiko rarawe. Nā te Kaupapa Whakawhiti Waro ka tau anō he taumahatanga atu anō mō te whakahaere tonu i ngā whakaputa mai i Rāhui Pōkeka.

“Kei roto tātau i tētahi ao hurihuri.”

Ko te take tino hira mō te Pakihi ko te mahi moni arumoni mai i ngā teihana pēnei i ngā Wāhanga 1 ki te 4 i Rāhui Pōkeka e nui atu te uara e whakaratohia ki te motu tēnā ki te Pakihi tonu.

Brian Corban CNZM, QSO
Tiamana



I tua atu i tēnei, e mōhio ana he wāhi nui tō ngā Wāhanga 1 ki te 4 i Rāhui Pōkeka ki te mākete hiko rarawe. Ka noho haere tonu ēnei hei whirinakitanga mō ngā putanga mōrea ki ngā pukuhiko wai ina pā mai ngā wā maroke i Aotearoa. Nā te kaha o ēnei wāhanga i Rāhui Pōkeka ki te kai kapuni, waro rānei e whakarato koranehe rerekē atu anō e hira ai ki tētahi whenua e piki ai te hiahia ki ngā whakanaonga hiko hangarua. Ahakoa tēnei tautoko ko te tino āhua arumoni, ko ngā utu e kitea i roto i te mākete rarawe i ngā tau maroke he iti rawa ki te whakahoki mai anō i ngā utu whakapaunga me te whakahaere e hiahiatia mō te whakahaere i te wāteatanga o ngā Wāhanga 1 ki te 4 i Rāhui Pōkeka ki te mākete mō ngā rā e tū mai.

Ko te take tino hira, ko te mahi arumoni huamoni mai i ngā teihana hiko e whakarato uara anō ki te motu tēnā ki te Pakihi.

Mā te mahi me tētahi aronga hou ki te whai huatanga, me mahi moni pai te Pakihi mai i ana rawa, pērā i ētahi atu whakahaere arumoni. Kei te whakahouhia e te Pakihi tana rautaki whakahaere rawa mō Rāhui Pōkeka nā runga i te ititanga o te whakaputanga whakanaonga e whakaarohia mai i ngā Wāhanga 1 ki te 4. Nā te kore whakaritenga arumoni hei pou here i te wāteatanga o ēnei wāhanga, e whakawhanakehia e mātau tētahi mahere hei whakamoe moata atu i ngā wāhanga tuatahi, tuarua. Mai i te tirohanga arumoni, me whakaae a Genesis Energy ehara nōna te kawenga mō te whakarato putunga nawenawe mēnā kāore e whai paremata tika. Hei ahakoa, e āhukahuka ana te Pakihi e puta ana i tēnei aronga ētahi āwangawanga mō te motu, ā, e tiroiro tonuhia e mātau ngā huarahi whakarato putunga nawenawe e ai ki ngā tikanga arumoni.

Ngā hua ā-tau

I whakauarahia anō e te Pakihi ana rawa whakanaonga hiko i te mutunga o te tau, ā, ko te putanga i heke te uara more ki te \$29 miriona o ēnei rawa. Ko te heketanga o te uara o ngā Wāhanga 1 ki te 4 o Rāhui Pōkeka, me te Wāhanga 6 anō, te whakahiko ā-kapuni wāhanga keonga, i āhua whakaineinehia e te pikitanga o te uara o ngā rawa whakanaonga hiko wai me te Wāhanga 5 whakahiko ā-kapuni kotahi o Rāhui Pōkeka. I raro i ngā ture mahi kaute, ko te pikitanga uara o ngā rawa whakanaonga hiko wai me te Wāhanga 5 ka heria tikahia ki te whakaoiritanga o ngā Kaipupuri-hea, ā, ka whakatauhia te hekenga uara o ngā rawa ngāwha ki te pūrongo whiwhinga moni. Nā tēnei whakauara anō i tino kitea ngā wero kei mua i te Pakihi.

Kua pūrongohia e mātau tētahi Moni Hapa More \$136 miriona i muri i te Tāke mō te tau pūtea 2008/2009. I runga anō i ngā kōrero i kōrero i mua ake, ko te tino kaupapa e pēnei ana nā te whakataua \$261 miriona ki te pūrongo whiwhinga moni mō ngā rawa whakanaonga hiko i heke te uara. I pā anō te hua e ētahi atu āhuatanga pēnei i te koretanga o ētahi momo hōpara kapuni me ngā mahi whakawhanake pakihī.

Engari, \$82 miriona i muri i te tāke ā mātau moni whiwhi i tēnei tau. He pai tēnei whakatutukitanga ahakoa ngā piki me ngā heke o te mākete me te piki o ngā whakapaunga utu e pā mai ki te Pakihi.

Ko ngā moni i puta i tēnei tau he \$1,957 miriona, i heke tēnei mai i ngā moni tapeke i te tau o mua atu o te \$2,436 miriona, ā, ko ngā utu whakahaere mō te tau he \$1,755 miriona ki te \$2,136 miriona i tērā tau. He \$227 miriona te tapeke o ngā whakapaunga moni haupū rawa. Ko te nuinga o ngā whakapaunga moni haupū rawa i pau i

“He aha te rahi me te āhua o Genesis?”

“Ko te rahi me te āhua tōtika.”

Kei te ahu atu mātau ki te waihanga i te pakihi kia tika tōna rahi. Ehara i te mea kia iti ake, engari kia mārama ake, kia māia ake me te whakarato kōwhiringa, painga hoki ki ā mātau kiritaki.



Albert Brantley /
Manahautū

Ngā Whakarerekētanga o te Poari

I tēnei tau i poroporoakihia e te Poari ngā Kaiwhakahaere Poari tokorua: a John Stace rāua ko Mike Williams.

Ka whakamahi atu te Poari ki a rāua mō ā rāua mahi mō te Pakihi i roto i ngā tau.

I tēnei tau i piki mai a Sara Lunam, a Graeme Milne, a Denis Wood ki te Poari.

te kaupapa kapuni o Kupe me ētahi atu whakapaunga ki ngā whakahoutanga o ngā teihana hiko i Rāhui Pōkeka me Tokaanu, me ngā hōparatanga kapuni i Mangatōa.

Ko ngā utu kainga waro i tā mātau teihana ngāwhā e whakaata anō i te heketanga o ngā putanga mai i ngā Wāhanga 1 ki te 4 i Rāhui Pōkeka. Ahakoa ngā āhuatanga maroke o

tēnei whakahāngaitanga i ngā mahi taketake i oti i a mātau i roto i ngā whāinga me ngā tūmanako mō ngā tau o mua. E whakaū ana tēnei aronga i te uruparetanga o tā mātau rautaki pakihi ki ngā āhuatanga tika ōhanga o te ao e mahi nei mātau, e āhukahukatia ā mātau kawenga ki te pāpori me te taiao, me te whakarite e urupare tika mātau ki ngā kaupapa here kāwanatanga.

Ko tā mātau tikanga aronga mai anō mō te whakahaere i ā mātau rawa ko te whakapū mau e nui te wāteatanga mai i ā mātau Wāhanga katoa i Rāhui Pōkeka e tutuki ai ngā tononga katoa a ā mātau kiritaki. Ko te pukuhiko kapuni kounga teitei i Rāhui Pōkeka, Wāhanga 5, e noho whakataetae tonu i roto i te māketete me te tino whai tika, pērā i ā mātau rawa whakahiko wai i Tongariro me Waikaremoana. Engari, ki te kore e oti ngā whakaritenga arumoni kia mātua wātea ai ngā Wāhanga 1 ki te 4 i Rāhui Pōkeka ki te

E tuwhera ana ō mātau whakaaro ki ngā mea ka whakaarohia e mātau me ngā kaupapa ka āta whāia e mātau e noho pai ai mātau mō ngā rā e tū mai. Ko ngā pūngao hangarua, ina e tika ana ā-ōhanga, te kōwhiringa e hiahiatia mō ngā whakanaonga hou. E whakaterehia e mātau tā mātau hōtaka whanaketanga pūngao hangarua, ā, i taua wā tonu, kua timatahia ngā mātāi pūkhatanga mō ngā kōwhiringa whakanaonga kapuni tino māia.

He nui ake te kauneke whakamua i roto i tā mātau kaupapa whakawhanake hou ki tērā i tūmanakohia i te wā ki muri tata nei. E rua ō mātau wāhi whakawhanake pāmu hau kua whakaae tahi me ngā rangatira o te whenua, ā, kua tū tonu ngā tiratū aroturuki me te timata anō o ngā whakamātautau taiao me te pūkhatanga. E whakahaerehia anō e mātau ngā tūhuratanga ki ētahi huarahi whakanaonga hiko iti ki te tau waenga te rahi i Te Ika a Maui me Te Waipounamu. Ko te neke i te aronga whanaketanga o te Pakihi e hāngai ana ki te mahi a tētahi pakihi pūmau. Ka whai i te whakanaonga hiko hangarua te tapuwae waro iti ake me te whakaae ā-pāpori mai ki a Genesis Energy hei hinonga whakahaere.

E arotahi ana te rautaki a te Pakihi ki te waihanga i tētahi pakihi whakanaonga hiko me te tauhokohoko whai hua mā ā mātau kaupupuri-hea. Ki te aro nui atu mātau ki te māiatanga me te mahi ki ngā āhuatanga ngohengohe me te niwha, ka tipu i a mātau tētahi pakihi e whakarato hua pai mō ā mātau kaupupuri-hea me ngā ratonga tino pai rawa atu mā ā mātau kiritaki. E ngana anō mātau kia noho hei pakihi whakautē i ō tātau hapori tūtata me te kawenga rangatōpū tino teitei.

E arotahi ana mātau i Genesis Energy ki tētahi pakihi kaha kia haepapa ki te taha ohaoha me te whakarato i ngā hua rahinga mō te wā roa ki ā mātau kaupupuri-hea.

E whakamaioha ana te Tiamana me te Manahautū ki ngā tautoko nui mai i ngā kaiwhakahaere, te rōpū whakahaere matua me ngā kaimahi i roto i tētahi tau whai panoni, taumaha, me te aronga hou. Ko te kaha o ngā mahi me te ngākau whakapuke o ngā kaimahi tētahi tohu o te whakatinanatanga o te aronga hou ki roto katoa i ngā mahi a te Pakihi, me ngā tautoko haere tonu a ā mātau kaimahi he mea nui tonu ki tō mātau momoho i ngā rā e tū mai.

“Ko te pūngao hangarua, mēnā e tōtika ana ki te taha ohaoha, te kōwhiringa pai ake mō te whakanaonga hiko hou, he iti ake te utu.”

te takurua o te tau 2008 i whai pānga ki te hauwhā tuatahi o tēnei tau pūtea, ko te utu kainga waro \$355 miriona mō te tau he iti ake i te \$402 miriona o tērā tau.

Te whakahaere i tā mātau kōpaki

Nā te aronga pūmautanga me titiro mātau ki te āhua me te rahinga o te pakihi me ngā mea whanaketanga tōtika hou, me ā mātau mahi i roto i ngā wāhanga katoa. Kua whakamāmāhia e mātau ā mātau whāinga pūmautanga i tēnei tau, ā, kua whakahāngaitia ēnei whāinga ki roto katoa i ā mātau whakamahere pakihi. E whai ana

māketete, ka timatahia e te Pakihi te kaupapa whakawātea i ēnei mai i te māketete.

E āta whakahou haerehia e mātau tā mātau kōpaki Tauhokohoko kia rite ai ki ngā wā hanga whakahiko iti ake te utu, kounga ake hoki, otirā ko te Wāhanga 5 tēnei me tā mātau whakahiko wai. I tēnei wā e āhukahuka ana mātau ko te noho hei kaihoko hiko nui mō te wā roa me whakawhanake e mātau ngā whakanaonga hiko iti ake te utu i roto i ngā tau e tū mai.

Kua aro nui mātau ki te arotake i ā mātau mahi whakawhanake i tēnei tau.

Te kōkiri i te māiatanga ki roto i te pakihi

Ko te tikanga he pakihi hiroki a Genesis Energy. Engari, kāore he whai wāhitanga mai o te kiriora, ā, e āta tiroirohia e mātau ā mātau mahinga pakihi katoa me te rapu i ngā māiatanga hou me ngā whakahoutanga i roto i ngā mahi pakihi.

Ko te whakahoki mai i ngā mahiwhakapātanga i roto i te pakihi i muri i ngā tau maha e noho ana hei whakahaerenga i waho o te pakihi tētahi tauira o te kōkiritanga ki te māiatanga nui ake, e whakapono ana mātau ka tata ake te pātahitanga ki ā mātau kiriatā.

Brian Corban CNZM, QSO
Tiamana

Albert Brantley
Manahautū

} “How has the Company performed?”

Across the next four pages we provide a summary of financial performance and operational highlights of the past financial year. For detailed Financial Statements and Notes for the Year Ended 30 June 2009, readers should refer to Part Two of the Annual Report, entitled 'Open for Business'. This report can be downloaded from the Reports section of the Genesis Energy website. A printed version is available from Genesis Energy.

Summary of the financial information of Genesis Energy						
\$m	NZ GAAP year end 30 Jun 05	NZ GAAP year end 30 Jun 06	NZ GAAP year end 30 Jun 07	NZ IFRS year end 30 Jun 07	NZ IFRS year end 30 Jun 08	NZ IFRS year end 30 Jun 09
Operating revenue	1,495	1,986	1,774	1,767	2,437	1,957
Operating expenses	1,315	1,770	1,592	1,584	2,137	1,755
Operating earnings before interest, taxation, depreciation and amortisation	180	216	182	183	300	202
Other (gains)/losses and impairment	-	-	-	4	46	29
Earnings before interest, taxation, depreciation and amortisation (EBITDAF)	180	216	182	179	254	173
Depreciation and amortisation	58	72	75	60	85	88
Revaluation loss	-	-	-	-	-	261
Earnings before interest and taxation (EBIT)	123	144	107	119	169	(176)
Finance costs (less finance income under NZIFRS)	4	2	2	1	27	13
Profit before taxation	118	142	105	118	142	(189)
Taxation	48	58	44	29	43	(53)
Profit after taxation	70	84	61	89	99	(136)
Total assets	1,867	2,041	2,183	2,225	2,707	2,585
Total liabilities	498	588	678	899	1,300	1,192
Total equity	1,369	1,453	1,505	1,326	1,407	1,393
Total dividends paid to shareholders	23	-	10	10	29	36
Operating cash flow	113	179	100	97	209	263
Investing cash flow	(258)	(233)	(187)	(152)	(254)	(239)
Payments to employees	39	41	48	48	55	62

Financial Highlights

Net Loss 2009:

\$-136M

Total Revenue 2009:

\$1,957M

Underlying Earnings after Tax:

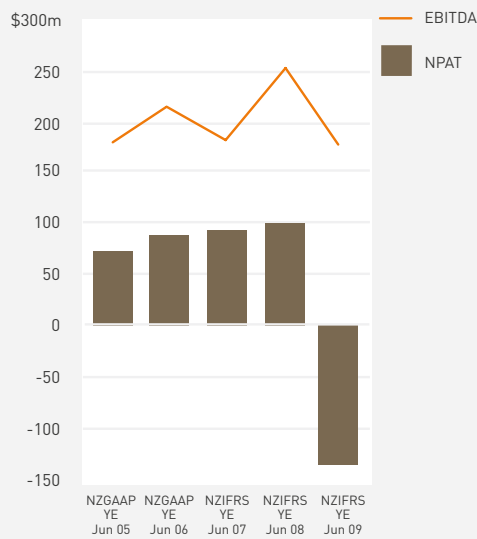
\$82M

01

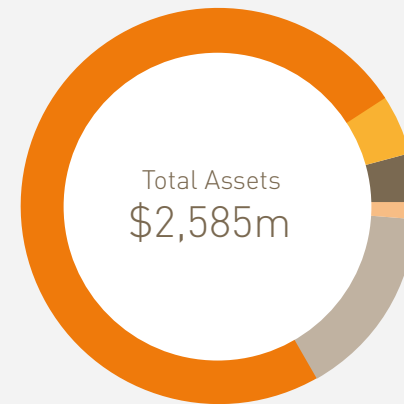
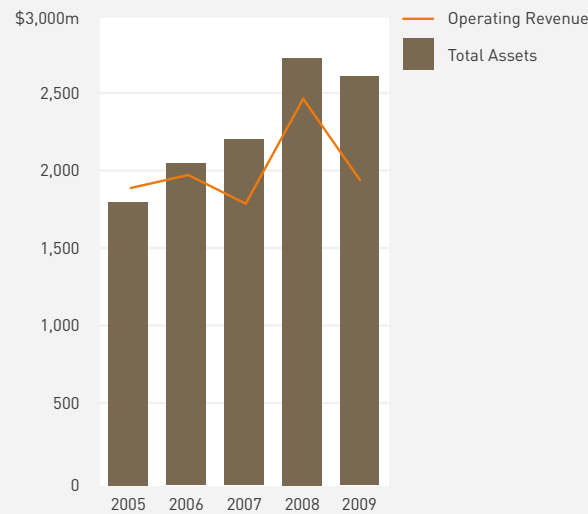


“ Underlying performance was strong.” }

EBITDA and NPAT



Total Assets and Operating Revenue



- Property, plant and equipment \$1,912m
- Intangible assets \$133m
- Oil and gas exploration and development assets \$102m
- Other term assets \$37m
- Current assets \$401m

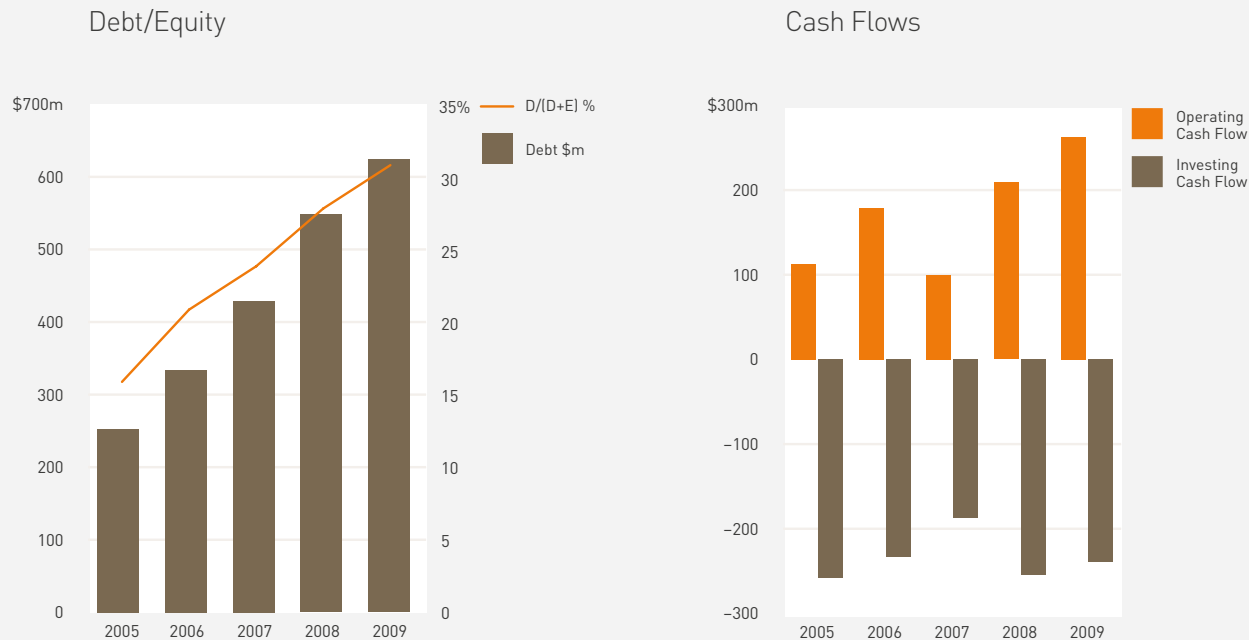


01: Northern Wairarapa
Wind-monitoring has begun.

02 and 03: Hau Nui wind farm
A strong producer.

“Cash flow and underlying performance remain strong despite the net loss for the year.”

} “What have we achieved this year?”



Carbon intensity in 2008/2009 was below 2005/2006 figures by:

24%

This result is a reflection of ongoing efficiency improvements at all thermal plants as well as hydrological conditions that allowed greater generation volumes from renewable generation assets.

35%

of our staff participated in Employee Volunteering during 2008/2009. This outperformed our target of 30%.

“These highlights and challenges relate to our 2008/2009 targets and actions, and events that happened throughout the year.”

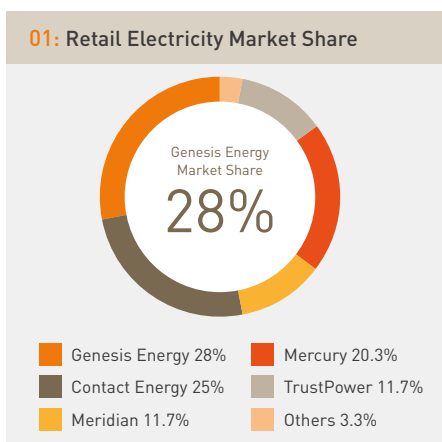


Investment Bond offer raises:

\$225M

A successful first Investment Bond offer raised \$225 million in two tranches from individual investors across New Zealand. The Bond offer subsequently gained the Debt Deal of the Year at the 2008 INFINZ Annual Awards.

“ We have met most of our targets.”



01: Retail

Customer service and retail efficiency are key objectives relying on improvements in the technologies that underpin the business and getting closer to our customers. The upgrade of our customer information system last year, Advanced Meter deployment and the decision to in-source our customer contact centre all deliver on this objective.

02: Wind farm developments

Genesis Energy signed land rights agreements with landowners in northern and southern Wairarapa for two potential wind farm developments.

03: Advanced Meters

The mass deployment of Advanced Meters for Genesis Energy electricity customers began in February 2009 in West Auckland.

04: Huntly units upgraded

Unit 2 underwent a substantial refit during the summer outage.

05: Schoolgen solar energy

With the launch of Schoolgen in Wellington, nine more schools are now participating in the scheme.

9 SCHOOLS

Schoolgen launched into Wellington in May with nine more schools now enjoying the benefits of solar energy.

InCharge

InCharge prepay customers were affected by a payment system breakdown in June 2009. A number of customers were without power for a maximum of five hours. The legacy metering system has been upgraded to ensure this fault does not recur. Ultimately, the InCharge system will be replaced by the more modern capability of the Advanced Meter solution we are deploying.

External assurance

Deloitte has produced Limited Assurance on the sustainability content of the Annual Report 2009. For details, refer to page 65, Independent Assurance Statement. This is a significant step for Genesis Energy's sustainability reporting.

Resource Management Act (RMA) event

There was one RMA event reported as significant to regulatory authorities over the reporting period, relating to an overflow from the Huntly Power Station ash ponds in July 2008 (refer to page 17).

Serious harm incident

One serious harm incident – a broken finger – was reported to the Department of Labour for the period 2008/2009. Genesis Energy has a target of zero serious harm incidents.

Achievement of targets

We have achieved the majority of the targets and accompanying actions that we said we would over 2008/2009. However, there are several areas where we have not achieved our targets or actions. We have provided a full report on all of our targets and their accompanying actions on page 66 of this report. The setting of targets and actions going forward will now be undertaken as part of our business planning process with the resulting new targets and actions published on our website at the appropriate times in the coming year.



} “What did you produce this year?”

The Production team is responsible for operating and maintaining the Company's generation assets, energy trading and carbon compliance. After a number of years of growth activity, including the commissioning of Huntly Unit 5 (the country's newest combined cycle gas turbine), the team's focus in the last 12 months has been on getting the best performance from our assets, managing costs and looking after the safety and well-being of our staff.

The increasing costs of maintaining the high availability of the older Units 1 to 4 at Huntly has required a greater focus on trading strategies, efficiency of work practices and a complete review of forecast maintenance and capital expenditure on the units. High-cost capital programmes that may have been carried out in the past, justified solely by reasons of security of supply, are under review to ensure they align with Company strategy.

significant inflows into Lake Waikaremoana which raised the lake level by over 35 per cent in seven days. By the end of the financial year, Lake Waikaremoana was full.

Plant performance for Huntly Unit 5 and the renewable assets has been extremely good and in each case has exceeded availability targets. The performance of Huntly Units 1 to 4 and 6 has been mixed. Due to the portfolio composition, we have been able to

“We are focused on looking after our assets, our people and our performance.”

The market conditions have again been widely variable and maximising value for the Company is a challenge the operational and trading teams have embraced. Production commenced the financial year with dry conditions and extremely high output from the Huntly thermal units. In the later part of 2008, significant inflows occurred into South Island lakes reversing this situation.

Inflows across our hydro assets in the central North Island and northern Hawke's Bay were relatively low in the second half of the year. Lake Waikaremoana, in particular, reached its lowest level in 20 years. The low inflows into Lake Waikaremoana restricted hydro generation from the Waikaremoana Power Scheme for several weeks.

However, in May 2009 high rainfall events in northern Hawke's Bay changed the hydrology picture sharply: the rainfall resulted in

01: Tokaanu Power Station

Inflows were low in the second half of the year.

02: Tuai Power Station

A mix of new and old technology in the Tuai control room.



see is within plus or minus eight per cent of the true flow (quality assured data set) for 95 per cent of the time. Since this consent condition came into effect in December 2004, the Company has worked hard with NIWA to improve our record and for the 2008/2009 year we have achieved full compliance at all sites with the exception of one. At this one site the non-compliance is technical due only to site access being restricted by the New Zealand Defence Force.

Waikato River heating compliance for Huntly Power Station has also been tightly managed this year with the outcome of no non-compliance events over summer for the first time in many years.



“ A reliable electricity supply for our customers.”



Steve Leppien
Maintenance Manager, Huntly Power Station

“The condenser upgrade for Huntly Unit 2 is operating well following performance testing.”

Project Update

Capital works during the year included the final upgrade from analogue control systems to digital distributed control system (DCS) platforms for Huntly Units 1 to 4 and a new control system for the hydro units at Tokaanu. The condenser upgrade for Huntly Unit 2 was completed and is operating well following performance testing. The condenser modules for the upgrade of Huntly Unit 3 are on site and in storage pending a review of asset management strategies.

The control and instrumentation upgrade for all four generation units at Tokaanu was completed during the year.

Inclinometers installed on the Tuai Penstock Slope in 2006 have shown the slope is moving at a rate of 10 millimetres to 15 millimetres per annum. The penstocks themselves had developed a detectable bow as a result of the movement.

In April 2009, the Company engaged contractors, who have successfully stabilised the slope by establishing a 40-metre-long concrete penstock support structure.

Tongariro Power Scheme Resource Consents – Court of Appeal Decision

A long-running dispute over the duration of resource consents permitting Genesis Energy to divert river water on the Western and Eastern Diversions of the Tongariro Power Scheme moved a step closer to determination with the release of a Court of Appeal decision in June 2009.

In March 2009, Ngati Rangi Trust, Tamahaki Incorporated Society and Whanganui River Maori Trust Board had asked the Court of Appeal to overturn a High Court decision which had found the Environment Court's basis for reducing the term of resource consents for the Western and Eastern Diversions of the Tongariro Power Scheme was wrong in law.

In June 2009 the Court of Appeal declined the appeal and asked the Environment Court to reconsider the term of the consents based on the reasoning of the High Court in 2006. The appellant groups have since applied to the Supreme Court to further appeal this decision.

Our Approach to Environmental Management

Genesis Energy understands its business impact on the environment and in order to reduce its environmental footprint, it should:

- Identify those with responsibility for environmental management
- Identify and document all environmental effects associated with our activities



01: Huntly Power Station

Huntly Power Station began the year with high output and then reduced output as hydrology improved.

02: Stabilising penstocks

Pouring concrete for a new penstock support structure at Tuai.

03: Environmental staff

Sampling water at the West Mine polishing pond near Huntly.



- Identify environmental objectives and develop associated work programmes to address our environmental effects
- Regularly review how well we are implementing our environmental values and meeting our objectives
- Report publicly on our environmental performance.

Resource Consent Compliance for Production

There was one Resource Management Act event (unauthorised discharge) reported as significant to regulatory authorities over the past year, relating to an overflow from the Huntly Power Station ash ponds onto adjacent lands in July 2008. An estimated 40–140 cubic metres of water containing ash slurry was spilled. The spill was quickly identified and steps were taken to address the impacts, including blocking culverts, sampling drains to assess impact and remediating the affected land. An independent environmental assessment

was commissioned which showed that there was no residual contamination left in the area after completion of remedial works. Remedial procedures have been put in place to ensure no recurrence.

For resource consent compliance, there were no significant breaches at our generation sites over the reporting period, although there were a number of low-level or technical breaches with minor or no adverse effects on the environment.

Corrective actions were undertaken to address these events and, where appropriate, consent variations are being sought to resolve areas of technical non-compliance. Regulatory authorities were notified of these events in due course as a matter of good practice.

Movement of Ash

Each year between October and May, the Company transports ash from the ash ponds, three kilometres north of the Huntly Power Station, to Solid Energy's open cast mines at Rotowaro. The Company has resource consents to move up to 150,000 tonnes of ash each transport period from five ponds where the by-product of coal generation is stored. In the 2008/2009 season, 60,000 tonnes of ash was transported, with the programme of work finishing early in January 2009.

Huntly Power Station Fish Monitoring

The Company undertakes a variety of fish monitoring at the Huntly Power Station as part of the requirements of current resource consents for discharges to the Waikato River. This monitoring aims to assess the impacts of the water take and discharge from the site on the fish within the river.

Tongariro Power Scheme (TPS) and Waikaremoana Power Scheme (WPS) Annual Environmental Reports

The TPS and WPS have this year produced their fourth and third (respectively) Annual Environmental Reports. These reports bridge the gap between site-specific reporting and this Annual Report. They provide an overview of all environmental and stakeholder activities at the TPS and WPS.

For detailed information about resource consent compliance, an update on monitoring and research programmes, report back on key projects, community and environmental initiatives and site-specific environmental objectives for the next 12 months, refer to the Annual Environmental Reports for the TPS and WPS online at www.genesisenergy.co.nz

When the current cooling water take and discharge consents were granted for the Huntly Power Station, there was much uncertainty about the impact of Huntly Power Station on the Waikato River. Since 1994, significant monitoring has been conducted and we now have a greater understanding of our impacts. Genesis Energy is currently working with Environment Waikato to update the fisheries monitoring programme. The updated monitoring programme will look to use more modern scientific monitoring techniques and focus on improved understanding of how power station structures are impacting the fishery.

Monitoring programmes cover a number of issues including:

- Impingement of fish on the intake screens
- Entrainment in the cooling water intake
- Fish health
- Migration patterns of important fish species
- Whitebait investigation
- Performance of cooling water intake and outfall structures in relation to fish protection.

Production Review continues on page 20





} “Through my community involvement in Huntly, I have been privileged to build a close association with Genesis Energy. Their assistance in the community has been exceptional and Huntly has benefited greatly through this very valued relationship.”

/ **Claire Gregson**
Huntly Community Board member and Justice of the Peace

Continued from page 17

01

**01: Weed removal**

Completing maintenance of the 'trash rake' at Lake Rotoaira intake for Tokaanu Power Station.

02: Lake Waikaremoana

Monitoring of Lake Waikaremoana shows low levels in June 2009.

03: Blue Duck (Whio)

The endangered blue duck species continues to thrive on the central North Island rivers.

Former Meremere Power Station Ash Pond Cap Repair

Genesis Energy recently completed a repair of the clay cap above the old ash ponds at the former Meremere Power Station site. The initial remediation work at the site was completed in 2005 when the old ash ponds were capped and converted into pasture for grazing.

Regular surveys are undertaken by engineers to monitor the condition of the cap. The 2008 survey identified areas where there had been some erosion of topsoil or where the gradient of the cap resulted in patches of standing water after heavy rain. Although none of these issues have affected the performance of the cap, the Company maintains a responsibility to keep the cap in the best condition possible

to ensure that there are no effects on the surrounding environment.

The 2009 repairs have re-graded some areas to better manage drainage and have provided mitigation against erosion in other areas through the placement of rock and riprap. None of the repairs resulted in any ash being exposed.

Waiotukupuna Fish Trap

The first of a new five-yearly Waikaremoana fishery monitoring programme, via a fish-trapping operation on the Waiotukupuna Stream, began in May 2009. The study will help understand changes in the fishery. The project also provides an important opportunity for the Lake Waikaremoana Hapu Restoration Trust to further their hands-on management role of environmental issues associated with the Waikaremoana Power Scheme.

Tuna Fisheries Management Plan

As part of the eel management project in the Waikaretaheke catchment, Genesis Energy, in association with the Lake Waikaremoana Hapu Restoration Trust and the National Institute of Water and Atmospheric Research, has prepared a draft Tuna Fisheries Management Plan for the Waikaremoana/Wairoa catchment. The plan is an important step in ensuring stakeholder input into a sustainable tuna resource for local people in the future.

Blue Duck (Whio)

2008 was another very successful season for blue duck on the Western Diversion of the Tongariro Power Scheme with Whio continuing to thrive on all three managed/monitored rivers. On the 57 kilometres of river surveyed, 69 pairs and 90 blue duck chicks were recorded. The number of blue duck pairs has more than doubled since 1998 thanks to a combination of increased flows and predator control.

Moawhango River Flushing Study

Residents on the Rangitikei River, downstream of the Moawhango confluence, have expressed concerns at the deposition of dislodged algal growth and fine-grained sediments which are flushed from the Moawhango River during flushing flows. Opus International was engaged to investigate this issue during the 4 March 2009 flush.

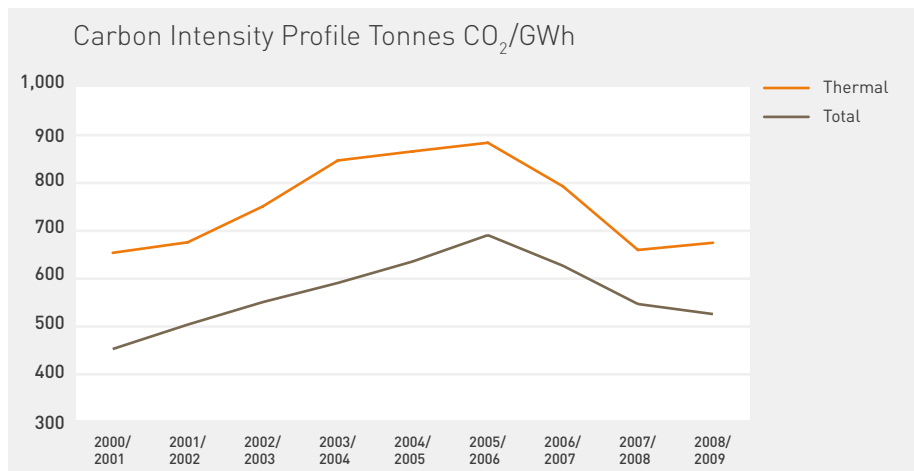
For more detailed information about Genesis Energy's hydro's RMA compliance please visit www.genesisenergy.co.nz

Generation Emissions Profile

Genesis Energy believes that reducing the carbon intensity of our existing generation portfolio is a crucial step for addressing our impact on climate change. We have a target of reducing carbon intensity by 30 per cent below 2005/2006 levels by 2015. This year's performance against the target demonstrates that we are well on track to achieve this.

The carbon intensity of our generation portfolio in the 2008/2009 year was 24 per cent below 2005/2006 levels at 526 tonnes CO₂/GWh. Our thermal assets have a carbon intensity of 675 tonnes CO₂/GWh. This result is a reflection of ongoing efficiency improvements at all thermal plants as well as hydrological conditions that allowed greater generation volumes from renewable generation assets. Carbon intensity is calculated by dividing annual CO₂ emissions by the annual net generation (GWh). The percentage variance is then calculated in comparison to the 2005/2006 result.

The 2008 Annual Report mistakenly stated that emissions were 13.1 per cent below 2005/2006 levels. They were actually 13.1 per cent below 2006/2007 levels and 21 per cent below 2005/2006 levels.



The Company's total emissions for the 2008/2009 year were 4,236 kilotonnes of CO₂. The CO₂ emissions (kt CO₂) are calculated by multiplying the fuel burn (PJ) by the relevant emission factor for each fuel (ktCO₂/PJ). Emissions Factors (ktCO₂/PJ) are sourced from Energy Greenhouse Gas Emissions 1990–2008 published by the Ministry for Economic Development (MED).

As of 2007, the accepted methodology for emissions calculation was changed and applied retroactively to 1990 emissions data by the MED. The current accepted method uses 'CO₂ emissions factor after oxidation' plus factors for non-CO₂ emissions which are dependent on the activity. The emission factor for coal dropped from 91.2 to 89.9 and for gas (for turbines) increased from 52.0 to 53.5.

This methodology has been applied to the Genesis Energy emissions as of 2008/2009. The CO₂ emissions for 2000/2001 through to 2007/2008 reported here have dropped by 0.5 per cent under the new methodology compared with emissions reported previously.

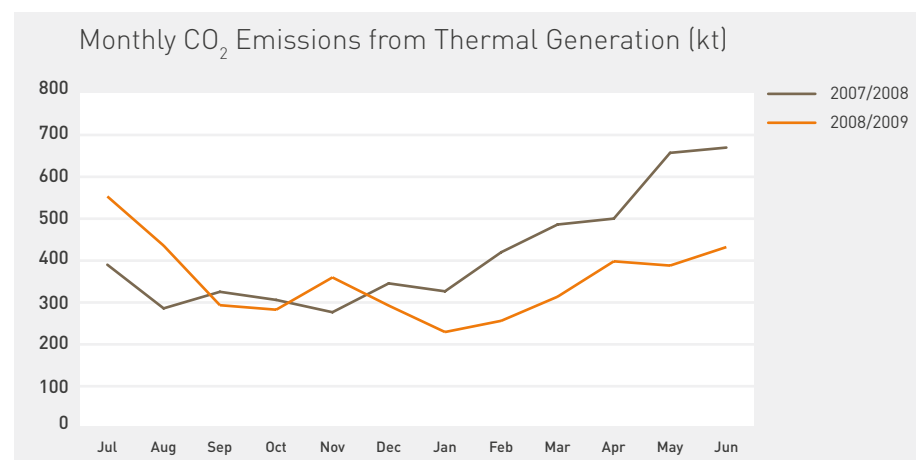
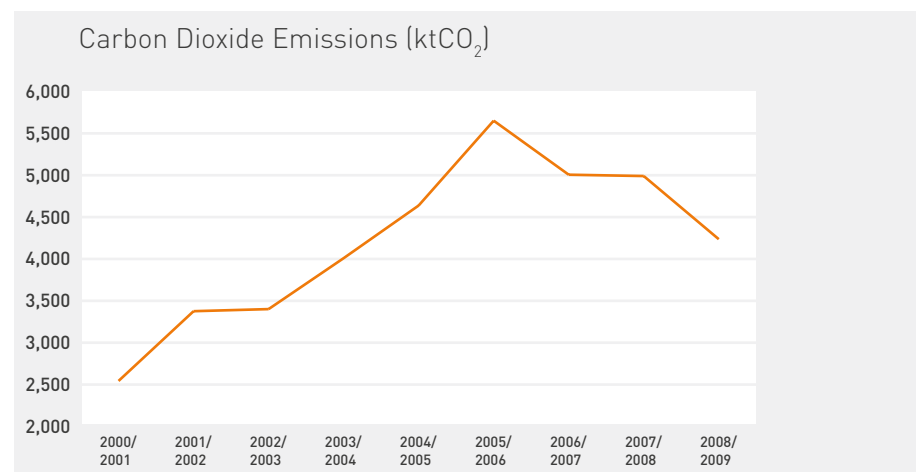
Sulphur hexafluoride (SF₆)

Genesis Energy operates SF₆ circuit breakers across the generation sites. A small amount of SF₆ is lost from this

equipment over time. The Company is a signatory to the voluntary electricity sector Memorandum of Understanding (MOU) relating to 'Management of Emissions of Sulphur Hexafluoride to Atmosphere' managed by the New Zealand Climate Change Office. All signatories of the MOU agree to maintain both a yearly leakage rate and a three-year rolling average leakage rate below two per cent of total weight of SF₆ held by the participant.

For 2008/2009, Genesis Energy had a total of 3.55 kilograms of SF₆ gas lost to the atmosphere, this is equivalent to 84.8 tonnes of CO₂ equivalent. This represents a 0.37 per cent leakage rate for the 2008/2009 year and a three-year average leakage rate of 1.8 per cent, both of which are well within the target of two per cent. There has been a marked reduction in the loss of SF₆ gas over this reporting period in comparison to the previous two years. This can be attributed to the Company's focus on SF₆ management.

Our thermal assets also emit small amounts of methane (CH₄) and nitrous oxide (N₂O). These emissions are included in our generation emissions calculations presented here.



} “What is Genesis Energy’s brand promise?”

Genesis Energy continues to strive to earn its customers’ loyalty through competitive pricing, rewards, straightforward bill-paying options and initiatives which help customers to manage consumption and costs. The market for electricity and gas retailers has been exceptionally competitive in the past year. Genesis Energy competes in this market with offers for gas, electricity and LPG which customers continue to choose.

We sell electricity and gas to households, institutions and businesses. We understand that the cost of energy is as important to our customers as ever and that it is our responsibility to be as efficient as possible to contain cost increases. Genesis Energy has kept price rises as low as possible. However, the costs we pass through to customers from network companies have continued to increase significantly. Along with other cost pressures, containing tariffs is a constant challenge.

We know our customers expect us to be as efficient as possible. A key response to those cost pressures has been to maintain a constant focus on operational efficiency.

Customers tell us they want loyalty rewarded. In October 2008 we launched Brownie Points – a scheme that rewards residential customers not only for what they spend but also for changes in their behaviour. Genesis Energy has seen a positive response to Brownie Points, both in retaining existing customers and acquiring new customers.

Customers have also told us that one of their top requirements is for accurate monthly bills without the need for a visit from a meter reader. In November 2008 Genesis Energy commenced the roll out of its Advance Metering solution.



01: The Big Gas Thank You campaign
Providing gas customers with extra value.

02: The Green Rig
At the Genesis Energy stand, Fieldays 2009.

“We’re providing solutions that are responsible and assist in controlling energy spend.”

In April 2009, we formed a new Business Improvement Team, to develop total quality management methodologies. We empowered the team to improve operational processes, in order to enhance customer outcomes and reduce cost. We intend to bring the outsourced customer contact centre in-house during the coming year. In-sourcing will enable us to be closer to our customers and make further long-term improvements to the way we do business.

To provide our gas customers with the best possible value, we launched the Big Gas Thank You from June 2009. All residential gas customers started receiving a daily discount of 50 cents off their bills. As an additional thank-you to customers who buy both electricity and gas from us, 40 more Brownie Points are being given each month until December 2009.



“Together we can make tomorrow a better place.”



 Anthony Meredith
Business Sales Manager

“Genesis Energy continues to offer energy-efficiency advice and product offers to help its customers save money.”

Genesis Energy customers will benefit from the installation of an Advanced Meter over the coming five years. It is a big job changing the meters on all our customers' houses, but we think it's worth it.

The first change a customer will notice will be no estimated bill – an accurate read every time and no meter reader visits. However, the benefits will go well beyond that. We will offer tariffs that will reflect the cost of energy at different times of the day, providing a real incentive to shift load out of the constrained peak pricing periods. Customers will receive more information about their patterns of consumption of energy which will assist them to control how much energy they use. On-demand meter reads will help resolve billing queries more quickly. Genesis Energy is also working with network companies to understand their needs and how the technology can help deliver improved network services.

Your Account, our customers' online interface, was further enhanced with customers having the ability to receive, view and pay their bills electronically. Customers can also update their personal profile, view previous bills, enter meter readings and manage their monthly donations to the Genesis Oncology Trust (GOT).

Genesis Energy continues to offer energy-efficiency advice and offers to help its customers save money. The annual heat pump campaign in association with Panasonic again proved popular. With over 850 sales to the end of June 2009, the campaign is on track to achieve a record year of installations. Smart Savers, a programme of energy-saving products for our customers, launched in October



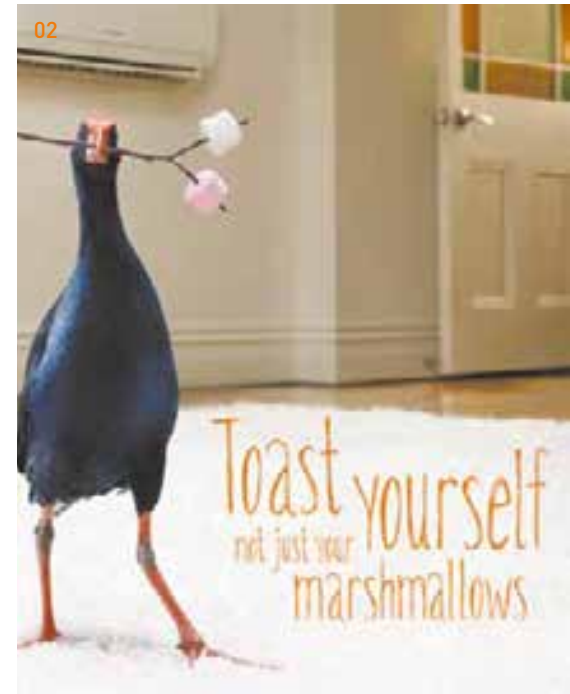
giving customers exclusive access to great offers for their homes and businesses which are often good for the environment too.

The three way partnership between Genesis Energy, Genesis Energy customers and GOT is unique and the value and benefit of this relationship was recognised when the partnership won the 2009 Robin Hood Foundation's Prime Minister's Social Heroes Award for Health.

The Genesis Oncology Trust is in a very sound financial and management position and will continue to provide support to the cancer control community into the foreseeable future.

Energy Online

Wholly owned subsidiary Energy Online continued to grow its customer base during the year with a seven per cent increase in customer numbers to 69,844. This was achieved in a highly competitive environment during a period when the number of customers switching between electricity retailers increased by 25 per cent!



An increased focus on delivering added value to our customers resulted in Energy Online offering a discounted fuelcard to all customers courtesy of a new partnership with Cardplus. The opportunity to provide customers with preferential rates for another energy service was considered to be an important initiative to offer during the current economic downturn.

Energy Online recognises the value to both customers and the environment of the efficient use of energy. During the year, we rolled out energy-saving messages to both our residential and our commercial customers providing them with tips on how to use electricity more efficiently. We also teamed up with Wellington-based organisation Home Energy Advice Centre (HEAC) to assist with some of our customer queries regarding energy efficiency and related issues.

Our continued observation of the Electricity Commission's Guidelines on arrangements to assist low income and vulnerable consumers and an independent audit confirming our compliance with the Guidelines ensured a sensitive and supportive approach to vulnerable and medically dependent customers. Improved communication with our customers and flexible payment options assisted in reducing our level of disconnected properties for non-payment by four per cent during a period when customer numbers increased by seven per cent.

Recognising that our customers want to receive an accurate invoice, we developed the system capability to bill our customers to an actual meter read. Our 'billing to actual reads' initiative which, when combined with our existing monthly meter read schedule, provides customers with further accuracy on their bills and ensures that they pay only for the energy they use.



Our Future

Above all, we know that our future success will depend on how well we interact with our customers and it is this objective that is driving Energy Online's focus on the delivery of greater choice and superior service. Our philosophy of respecting and acknowledging our customer needs and aligning our service delivery to these expectations will influence our future business decisions.

¹ Electricity Commission – ICP's Changing Electricity Supplier <http://www.electricitycommission.govt.nz/opdev/retail/regstats/Customswitch>



01: Big thinking business

In March 2009, Genesis Energy invited Wellington business customers to a seminar to hear from an economist and successful entrepreneurs.

02: Smart heat pump campaign

A Smart Savers offer to customers resulted in more than 850 sales.

03: Genesis Oncology Trust

Dr Quinten King, a GOT grant recipient in 2008, supports regular screening for prostate cancer.

04: Genesis Oncology Trust

Dr Robert Weinkove: researching leukaemia in Wellington.

05: Our future

Children at Murutai School attend the Schoolgen launch assembly.



} “Succeeding at ‘Realise the Dream’ has inspired me to give anything a go, and the public speaking I have had to do has helped me at school.”

/ **Surita Manoa**

Ponsonby Intermediate, Year Eight

Realise the Dream, Peter Spratt Memorial Award, Genesis Energy Team Player Award

} “What is the future for electricity generation?”

We recognise that the future of energy in New Zealand needs to change. We are committed to developing our renewable capability and reducing our reliance on high carbon fossil fuels. We continue to maintain a target of 300MW of new renewable generation by 2015.

In 2009, Genesis Energy signed land rights agreements with landowners in northern and southern Wairarapa for the future development of wind farms. The northern Wairarapa site covers 30,000 hectares and is situated east of Pahiatua and Eketahuna. Activities during the year focused on developing our working relationship with the landowners and defining the potential for development of the site. Two 80-metre wind-monitoring masts were erected in April 2009 and have recorded promising wind data.

Located south-east of Martinborough, the southern site is close to the Company's

existing wind farm at Hau Nui. Early feasibility studies indicate a potential Class 1 wind farm of up to 100MW consisting of approximately 40 turbines. Two wind masts have been erected on the properties to gain long-term wind data.

Other wind sites in the North and South Islands are under investigation.

Genesis Energy has also devoted resources to exploring further hydro development. Using geographical information and mapping software, the Company has identified a number of sites in both the North and South Islands for further investigation.

“We're open-minded about what we're prepared to consider and we are intent on pursuing economic projects that competitively position us well for the future.”



In our 2008 Annual Report, we reported on geothermal testing at locations in the central North Island. The testing was carried out in order to give Genesis Energy confidence to progress with discussions with the landowners of these sites. We have continued our dialogue with the iwi landowners with a view to forming a mutually beneficial relationship to develop the geothermal resource.

Thermal Development

Joint hearings were held by the Auckland Regional Council (ARC) and Rodney District Council (RDC) at the end of September 2008 to consider resource consent applications and a variation to the District Plan lodged by Genesis Energy to allow for thermal generation in the Rodney District. Consents were granted by the ARC before the end of 2008 and in March 2009 the RDC approved a variation to its District Plan in order to create the Rodney District Thermal Energy Generation Rural Zone between Helensville and Kaukapakapa.

Two appeals – one from Genesis Energy and one other relating to consultation – were received but neither is likely to require an Environment Court hearing.


The next step for the project is to review all the development work and design work that has been completed up to this point in time and consider the commercial case for the project. The acquisition of resource consents does not signify a decision to build. Consenting the site was a prudent step to ensure that Genesis Energy has a long-term generation option north of Auckland.

01: Testing the wind

Two 80-metre masts are capturing wind data in northern Wairarapa.

“ Building economic generation.”



 Topia Rameka
Environmental Co-ordinator – Generation Development

“The Kupe Gas project will make a significant contribution to the country’s gas needs.”

Genesis Energy has also completed a Front End Engineering Design project on improving the efficiency and output of its 48MW open cycle gas turbine (Unit 6) at Huntly Power Station. This project is concerned with enhancing efficiency through conversion to a combined cycle configuration and improving the carbon intensity of our thermal portfolio. Over the coming year the Company proposes to examine the economic viability of this potential investment.

Fuels Development

Kupe

Genesis Energy owns a 31 per cent equity share of the Kupe Gas project in Taranaki. The Company has acquired 100 per cent of the sales gas from the field. The Kupe Gas project will make a significant contribution to securing New Zealand’s gas supply needs during the next 15 to 20 years.

Construction of the offshore facilities, wells, wellhead platform, pipeline and controls umbilical is complete, and the overall project including the Production Station near Hawera is nearing completion. Pre-commissioning activities have begun and these activities will be followed by commissioning. Capital costs for the Kupe project remain in line with previous expectations.

The operator of Kupe, Origin Energy New Zealand, announced a revised schedule for production of sales gas in June 2009. It expects to bring the first raw gas from the Kupe field ashore, effectively commencing production, in the quarter ending December 2009.

Kupe will meet approximately 15 per cent of New Zealand’s current annual gas demand and 50 per cent of New Zealand’s liquefied petroleum gas (LPG) demand. The project will provide in the order of 254 petajoules of natural gas, as well as 1.1 million tonnes of LPG and 14.7 million barrels of condensate in total.

Gasbridge

Contact Energy and Genesis Energy, the joint venture partners in the Gasbridge proposal, agreed at the end of the financial year to delay the lodging of resource consent applications for the project given recent improvements in the domestic gas supply outlook.

The Gasbridge plan to import liquefied natural gas (LNG) is a prudent backstop option for New Zealand. The concept being

considered consisted of a land-based off-loading facility, a storage tank for LNG and a regasification plant.

The importation of LNG may not now be required until around 2018. This gives the joint venture partners more time to evaluate and review developments in gas import technologies which have emerged over the last few years.

The option to import LNG remains available and can be revisited if and when gas supply and demand indicates the need for a backstop LNG option. The partnership will continue to review new gas import options and it may well be that, should imports be required in the future, they may take another form.

Other exploration licences

During the year, Austral Pacific, the joint venture partner with Genesis Energy in the Cardiff Gas Prospect, was placed into receivership. Genesis Energy’s holding in Cardiff remained on hold while the receivership of Austral Pacific progressed. Genesis Energy plans to exit both Cardiff and the Mangatooa gas prospects. Genesis Energy had no financial exposure arising from Austral Pacific’s receivership.



Supreme Court Decision

In 2008, Genesis Energy sought a declaratory judgment from the Court of Appeal in regard to a previous High Court decision that a consenting authority can have regard to effects of the discharge of greenhouse gases on climate change in applications relating to both renewable and non-renewable energy. The Court of Appeal upheld Genesis Energy's view that regional councils should not consider the adverse effects on climate change from the discharge of greenhouse gases.

As a result, Greenpeace appealed to the Supreme Court of New Zealand. Genesis Energy agreed to be the respondent in the case. In a four-to-one majority decision, released in December 2008, the Supreme Court upheld the decision of the Court of Appeal that the purpose of the Resource Management (Energy and Climate Change) Amendment Act 2004 was to remove from consenting authorities the need to have regard to the effects on climate change from greenhouse gases in applications for consents apart from those for renewable energy.

01, 02, 03 and 05: Kupe Gas Project

Construction of the Kupe onshore facilities are near completion.

04: Southern Wairarapa

Wind-monitoring mast being installed.



} “What is your approach to sustainability?”

To Genesis Energy, sustainability is about ensuring our business is viable for the long term, delivers value for our shareholders, and contributes lasting benefits to society. We adopt a holistic approach that requires an understanding of our impact on people and the environment and that incorporates consideration of social, economic and environmental risks and benefits into our business decision-making.

Right from the beginning, Genesis Energy has taken the business approach of looking beyond compliance with strict legal requirements as a measure of performance. We have also long recognised that sustainability is not just about physical programmes and community contributions, but is also about values, attitudes and behaviours evident in day-to-day operations.

We recognise that sustainability is a long-term journey covering all aspects of the business – our workforce, environmental management

New Company-wide Sustainability Objectives

Genesis Energy recognises that the more it can embed sustainability into its core business activities, the better prepared it will be to ride the waves of change in tomorrow’s world.

Genesis Energy has recently comprehensively reviewed its objectives related to sustainability performance in line with the Company’s new strategic direction and the 2009/2010 Business Plan strategic theme to ‘Integrate

Annual Reports. Targets associated with the objectives are currently being developed and will be stretch targets that are valid for up to three years and which will be reviewed annually in order to measure performance and relevance. Actions that contribute to the objectives and targets will be developed and reviewed annually by each business unit.

Existing material targets, such as our carbon intensity reduction target, will be carried over and become key to assisting us in meeting our Production and new Generation objective.

To ensure that the objectives and targets related to operating a sustainable business continue to contribute to the long-term performance of the Company they are reviewed annually as part of the annual Business Strategy process.

Targets and 2009/2010 Actions associated with these seven company-wide objectives will be published on the Company’s website by the end of 2009.

To ensure sustainability is not an add-on, every Genesis Energy employee is encouraged to demonstrate and deliver responsible business practice in whatever they do. This is the only way that we can succeed in operating a sustainable business.

“We recognise that sustainability is a long-term journey covering all aspects of the business.”

of our assets, energy products and our impact on communities. A logical extension of our existing sustainability efforts has been to adopt a sustainable business model as an underlying philosophy guiding our daily business decisions. This is helping us to move from a situation where aspects of sustainability are seen by some as a ‘bolt on’ to our core business to a company-wide business-aligned approach to sustainability.

Adopting an integrated approach to sustainability enables us to better align our approach toward the key immediate business challenges we face, and those we will face over the next five years.

For example, addressing climate change is still an integral part of our approach to sustainability and targets to respond to climate change are an essential component of sustainability objectives. This ensures that we consider it in all of our business decisions.

economic and environmental sustainability principles throughout our business’.

These objectives are generic and it is expected that they will require a review only when the business strategy is comprehensively changed. These objectives replace the 19 objectives published in the previous two years’

The incorporation of the following objectives within the Company’s business operations is intended to drive the performance of Genesis Energy as a sustainable company:

Category	Sustainability Objectives
Financial	To be fiscally responsible whilst delivering on shareholder value and performance expectations.
Production and New Generation	To provide production and new generation solutions that demonstrate strong sustainable performance.
Customers	To be recognised as a leading New Zealand energy provider that customers are proud to be associated with.
Community, Iwi, Hapu and Stakeholders	To engage meaningfully with the communities, iwi and hapu in the areas in which we operate and with other key stakeholders.
Our Footprint	To manage responsibly Genesis Energy’s footprint while growing our business.
Employees	To partner with our people for success.
Governance and Benchmarking	To follow best practice in corporate governance and benchmark the Company’s sustainability performance.

“ We can make a difference to tomorrow.”



 Bob Weir
General Manager Production

} “Who is responsible for sustainability?”

A number of our activities contribute to Genesis Energy’s impact on the environment. We have been measuring and reducing our impact, and, in some cases, exceeding our performance targets. We know that there are some areas of our operations that require ongoing performance improvements to align with our journey towards embedding sustainability principles across our business.

We are proud of the success we have had in the past year of achieving our targets, from reducing waste to landfill, increasing the recycle and reuse of materials and incorporating sustainability principles into our office refurbishments.

We continue to measure our emissions and offset our non-generation emissions. Each year we refine our data-collection accuracy and increase the boundary and scope of our emissions reporting.

The data we captured in the calculator for Genesis Energy include air travel, staff mileage, fleet mileage and office energy consumption and this is multiplied by associated emission factors. The emission factors used are sourced from the Ministry of Economic Development Guidance for Voluntary Corporate Greenhouse Gas Reporting April 2008 and the WBCSD/WRI GHG Protocol Initiative travel emissions version 2 for air travel. This year our

non-generation footprint was calculated using our own calculator for the first time. Our total non-generation footprint for this past financial year was 1,071 t(CO₂)e, and 1.83 tCO₂/FTE.

Tonnes CO ₂	
Fleet (scope 1)	356
Electricity purchased: office (scope 2)	277
Electricity purchased: auxillary (scope 2)	355
Air travel (scope 3)	345
Scope 1, 2, 3 based on GHG protocol	

Purchase of Carbon Offsets

Each year we have a target to offset our non-generation CO₂e emissions that we have not reduced. This year, we purchased 1,200 carbon credits originating from the Palmerston North City Council’s Awapuni Landfill Gas to Electricity Project. The carbon credits have been retired

on the TZ1 Exchange by Carbon Market Solutions Ltd on behalf of Genesis Energy.

Energy Efficiency

For the first time, we have conducted energy audits across all our sites. Overall, our energy consumption across our complex business, excluding the generation plants, generated 0.6 tCO₂/FTE. The total sum of our purchased electricity across our business was 13,802GJ. Some activities undertaken during this past year to reduce energy consumption include:

- Removing uncontrolled heaters from some generation stations saving approximately 61,320kWh per annum
- Resetting the thermostats on heaters
- Delamping the Hamilton office where appropriate
- Resetting HVAC timers in Hamilton
- Implementing virtualisation technology in computer server rooms.

Each year we calculate our energy consumption for our offices in order to benchmark against the Energy Efficiency and Conservation Authority’s low-usage benchmark, and we calculate the energy consumption of our computer server rooms. This year we also completed a baseline energy audit for subsidiary Energy Online.

Electricity Consumption	2008 kWh/sqm	2009 kWh/sqm
Auckland	151	232
Hamilton	274	472
Wellington	116	110
Energy Online	-	240
EECA low typical usage benchmark = 200 – 280kWh/sqm		

01: Wind study

Seeking sustainable energy solutions.

02: Rangipo Power Station

Twenty-five years of renewable energy.

“We have continued to improve the monitoring and measurement of our energy and waste management.”

01



02



“ Sustainability is everyone’s responsibility.” {



Mereana Mills
Sustainability Co-ordinator

While the results for Auckland, Wellington and Energy Online meet the EECA benchmark, the above results appear to show that we have increased our energy consumption per square metre over the last 12 months in Auckland and Hamilton. The main reason for the apparent increase in the results for Auckland is that we overestimated the server room consumption last year, but total energy consumption for Auckland and Wellington has decreased slightly. This year we have calculated our server room energy consumption using appropriate tools as part of the server room upgrade.

And while we have had a significant increase in staff in Hamilton, it is disappointing that we increased our total energy consumption in Hamilton by almost 23 per cent. We will continue to analyse our consumption and implement appropriate recommendations from our recent energy audits.

01



Reducing our Waste

Our target is to reduce waste to landfill across all our sites, but we have a complex business which deals with a range of waste streams. We have been successful in reducing waste to landfill in some areas and we have been increasing the amount of materials that we recycle or reuse. These successes include:

- 80 per cent reduction in waste to landfill from baseline Greenlane office waste audit
- 67 per cent reduction in waste to landfill from baseline Wellington office waste audit
- 37 per cent reduction in waste to landfill from baseline Tokaanu Power Station waste assessment
- 26 per cent reduction in waste to landfill from baseline Huntly Power Station waste assessment.

We conducted a baseline waste assessment at the Tuai Power Station and will monitor that in the future, and we conducted a baseline waste audit at Energy Online. This year our office waste analysis included comparisons with other New Zealand office-based organisations and, while we are pleased with our progress, we can improve.

There has been an increase in staff numbers at the Hamilton office which has reflected in a corresponding increase in waste sent to landfill. A better measure is of waste per full-time-equivalent (FTE) employee; the recent Hamilton audit indicated a 20 per cent increase in waste per FTE, with the majority of this waste being food.

Various initiatives to reduce waste to landfill and to increase opportunities to reduce, reuse and recycle materials have been implemented across the site, over the past year, including:

- Recycled approximately 94 tonnes of scrap steel
- Diverted 22,379 tonnes of coal ash to a cement company

02



- Reused approximately 9m³ of polystyrene chips
- Recycled approximately 120m³ of cardboard from the generation sites
- Donated approximately 120m³ of broken pellet wood to the community
- Returned approximately 2m³ of courier bags to the courier company
- Recycled all ink cartridges and copier toners with Fuji Xerox
- Remodelled the receptionist desk for reuse in Hamilton refurbishment

03



04



- Reused timber skirting and pelmets, ceiling tiles, carpet and 60m² of insulation in Hamilton office refurbishment
- Recycled approximately 2,000m² of carpet during Auckland office refurbishment
- Composted river weed from the Tokaanu Power Station in a worm farm.

While this sample indicates that we are increasing our options to reuse and recycle various waste streams, we have an ongoing programme to improve the volume of material to be recycled or reused. This year we expect to implement a comprehensive waste minimisation programme at the Huntly Power Station.

Sustainable Procurement

Each year we measure the consumption of paper as a measurement of impact across our office sites. We use 100 per cent recycled content or Forest Stewardship Certified office paper. On occasions we need to purchase a small sample of specialty papers and card that are not as eco-friendly as our office paper.

This year, the Genesis Energy loyalty programme encouraged our customers to move to online billing. At June 2009, 30,792 customers received their bill online. This is a reduction of 37,566 sheets of paper sent to customers, or the same as not using 187kg of paper and 154kg of envelopes.

When Genesis Energy considers any building or refurbishment, we take consideration of 'green build' principles. This year we developed a matrix for assessing the best products and actions to take in building considerations and have implemented sustainability initiatives in recent refurbishments. For example we used:

- Forest Stewardship Certified timber in all refurbishments
- Interface carpets and recycled old carpet in Auckland office refurbishment

- Zero volatile organic compound adhesive in all refurbishments
- Resene green paints
- Energy-efficient dishwashers and kitchen appliances
- Locally-made office furniture.

In addition to raising awareness of sustainability with our own staff through workshops and seminars, we held a half-day workshop for our main Retail and Corporate suppliers. The purpose was to advise our suppliers of what we were trying to achieve in terms of a sustainable approach to business and how they could help us with that and to assist them to understand the concepts of sustainability and how they could communicate to us about their own approach to sustainability and their achievements.

“ We are increasing our options to reuse and recycle various waste streams and have an ongoing programme to improve the volume of material to be recycled or reused. ”

01: Tongariro Power Scheme

Company assets sit on the fringe of iconic national parks.

02: Recycling paper

Waste to landfill is reducing.

03: Tokaanu Power Station

On the edge of the national park.

05: Recycling scrap

Recycling scrap material at Huntly Power Station.

06: Hybrid car

Reducing transport emissions.

07: Recycled steel

94 tonnes recycled.



} “What does business require from policy-makers?”

Genesis Energy seeks to engage and be involved in the creation of sound and appropriate public policy, legislation and regulation. Like most businesses, we seek certainty from public policy and regulation. There have been several major energy policy developments during the year and these will continue to play out in the coming year. This section discusses policy issues affecting our business, the position we take on those issues, and how we are participating in the policy processes.

Emissions Trading Scheme

Parliament passed an Emissions Trading Scheme into law last September, and energy sector emissions are due to enter the scheme from January 2010. In December, following the General Election, a Parliamentary Select Committee was set up to review the scheme. The Committee has reported to Parliament and the 2010 entry date stood at the time of writing. Genesis Energy has participated in implementation of the scheme as it stands, and in the Select Committee’s review.

During the year, the Company has participated in technical advisory groups working on implementation of the scheme for the energy sector. We have also submitted on regulations for measurement



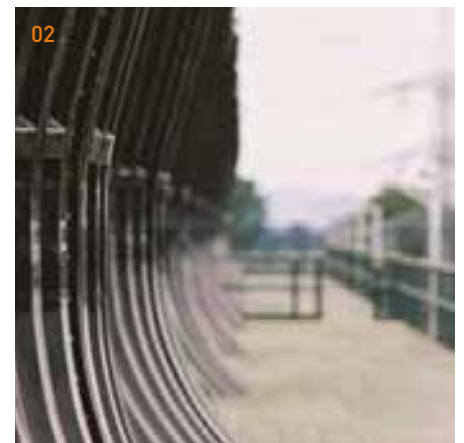
“We support measures that will build customer confidence in the competitive energy market.”

and reporting of gas, coal, geothermal and waste emissions. Our focus has been on the workability of the scheme. It is important to us that the transition to emissions accounting through the supply chain is a relatively smooth process.

In April, Genesis Energy presented to the Select Committee in support of retaining an Emissions Trading Scheme. Our position is that pricing carbon through a trading scheme is the best way to achieve emissions reductions at least cost to the economy. We suggested changes to some details of the scheme aimed at reducing

its cost while retaining its effectiveness. Our full submission is available on the Parliament website.

Throughout the year, the Company has continued to argue that policy-makers cannot assume that carbon costs will necessarily pass-through to electricity prices in full. The degree of cost pass-through, and the effect of the scheme on thermal assets, will depend on electricity market dynamics. The most important factor is the cost of building new generation that can displace older less carbon-efficient stations.



01: Huntly Power Station


Huntly will be impacted by an Emissions Trading Scheme.

02: Huntly Power Station

Genesis Energy supports an Emissions Trading Scheme.

“Certainty and a fair market for competition.”



 **Maureen Shaddick**
General Counsel and Company Secretary

Ministerial Review of the Electricity Sector

In April, the Minister of Energy and Resources commenced a major review of the design and governance of the electricity market. In May, the Commerce Commission released a report on its long-running investigation into the performance of the wholesale electricity market. The Commission's report adds to a number of earlier reports from a range of sources that the Ministerial Review is using as a starting point for its own work.

The Commission's report received considerable attention for the claim that New Zealand's four major generators, including Genesis Energy, collectively earned market power rents over a period of six and a half years. The Commission based this assumption on its interpretation of quantitative analysis by Stanford University Professor Frank Wolak. Many analysts and commentators have since cast doubt on the headline figure, but enhancing competition is nevertheless an important guiding objective for the Ministerial Review. This is a goal that Genesis Energy supports.

The Ministerial Review's initial recommendations will be a major focus for the second half of 2009.

Resource Management Act Amendments

With its broad range of experience managing natural resources under the Resource Management Act (RMA), Genesis Energy has actively provided input into the Government's RMA reform process.

'Phase One' of the Government's two-phase programme, the Resource Management (Simplifying and Streamlining) Amendment Bill, was introduced into Parliament in February 2009. Genesis Energy's submission

with other legislation. Government officials have established 10 related work-streams to deliver on these objectives.

Overall, the Company envisages that the reforms will be positive for the way in which natural resources are managed in New Zealand. However, it is carefully monitoring and participating in the work-streams that have the potential to impact on the Company's business, particularly those relating to water management and the mandate of the proposed Environmental Protection Agency.



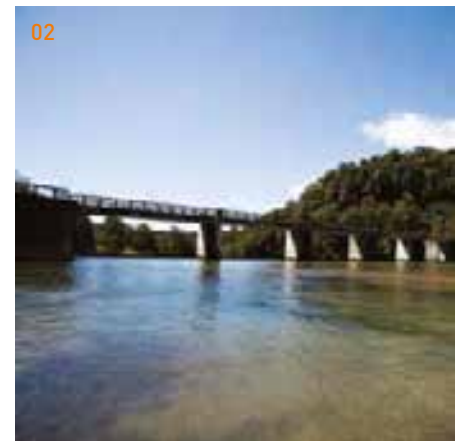
“Genesis Energy continues to be an active participant in the development of water policy in New Zealand.”

We will lend our support to measures that:

- Build on the successes of New Zealand's world-class electricity market design;
- Enhance market governance; and
- Increase consumer confidence in the competitiveness of prices.

on that Bill was generally supportive of its policy aims, but proposed several amendments, particularly to the clauses relating to the plan development process and applications of national significance.

'Phase Two' reforms are more detailed and complex and their development is progressing at a more modest pace. The key objectives of these reforms are to provide greater central government guidance and to achieve closer alignment



Water Policy

Genesis Energy depends on access to fresh water for the ongoing operation of both its hydro operations and the Huntly Power Station. Access to fresh water is also required if new hydro generation is to play a role in supplying the country's growing energy demand. Consequently, the Company continues to be an active participant in the development of water policy and discussions about water reforms in New Zealand.

More and more, different sector groups are competing for the use of the freshwater resource. This is being played out as Regional Councils further develop their water allocation policy. During 2008/2009, Genesis Energy actively participated in the development of such policy for the Manuwatu-Wanganui and Waikato regions, seeking to ensure ongoing access to the freshwater resource for existing electricity infrastructure.

While our experience with Regional Councils as freshwater managers has been positive, others have not had the same experience. The Government has outlined that there needs to be a "new direction for freshwater management". Genesis Energy is sharing its experiences in various stakeholder forums discussing this matter and anticipates further debates between the major water stakeholders as the long-term strategies for freshwater management in New Zealand are developed.

Smart Meters

Another event attracting public interest this year was the release in June of the Parliamentary Commissioner for the Environment's report on 'smart' electricity meters.

Genesis Energy provided information to the Commissioner in late 2008 on its advanced metering activities. At that time, we were close to signing a contract for the roll-out of smart meters to 500,000 of our customers. This process is now well under way. In September 2009, Genesis Energy offered tailored tariffs to customers with Advanced Meters.



This solution is flexible and future-proofed, providing accurate billing with no meter reader visits today – and innovation into the future.

New Zealand is unusual in having a market-led transition to advanced metering, and this has unique benefits for customers. Metering is in a phase of rapid innovation enabled by digitisation of measurement, communications and control. Genesis Energy has a strategy of making the best use of this transition in a way that:

- Does not risk disruption to essential business-as-usual services
- Tests new products and services for their appeal to our customers
- Avoids locking in investment in technology that will quickly be outmoded.

Genesis Energy participates in an Electricity Commission advisory group that is reviewing the rules governing electricity metering. One of the aims of this project is to ensure the rules allow for the kinds of innovation that smart metering may deliver.



01: Water access

Genesis Energy depends on water for hydro and thermal generation.

02: Tokaanau

Monitoring at Rangipo Dam.

03: Dispatching plant

The electricity market is under review.

04: Rangipo control room

The control room is run remotely from Tokaanau.

05: Tokaanau

Clearing weed from the intakes.



} “How close are you to your communities?”

Sponsorships and support for community groups substantiate Genesis Energy’s commitment to developing and maintaining constructive relationships with its neighbours and the wider community. Genesis Energy engages with its communities in many ways – from formal meetings to supporting a wide range of community activities and organisations.

Genesis Energy is in regular contact with customers, shareholders, regulators and people who live and work near the sites of the Company’s projects and operations. See page 79 for a stakeholder engagement diagram.

Site-specific newsletters, regular meetings and the Company’s website keep the public up to date with latest developments and Genesis Energy staff meet regularly with iwi and environmental consultation and advisory groups. The Company communicates regularly to a key stakeholder group – its staff – through an internal magazine, intranet and regular all-staff meetings at Huntly Power Station and with frequent targeted communications on specific issues.

Benchmarking our Contributions

For the second consecutive year Genesis Energy has benchmarked its community contributions against the other 33 Australasian companies in the London Benchmarking Group (LBG).

The report found that Genesis Energy’s community contributions included in LBG had a value of \$1.7 million from a total pool of \$158 million.

The LBG model identifies three main categories of community contributions which include charitable donations (one-off or intermittent support for good causes), community investment (sustained strategic involvement in community partnerships to advance both the community and the Company’s long-term interests)

and commercial initiatives (activities with the main objective to promote the corporate brand but which also benefit community organisations). While business contributes to society in other ways, not all of these are included in the LBG criteria as community contributions.

The vast bulk of our contributions were categorised as community investment (88 per cent).

“Our strong ties with our communities are a point of difference for Genesis Energy.”

The Company is well known for supporting a wide range of community initiatives, facilities and organisations. This support is delivered through financial sponsorship agreements, provision of materials and services, and through management support and advice.

In addition to the programmes and new relationships featured in this section, a comprehensive list of community partners and initiatives is provided on page 47.

01: First Foundation students

The Company supports many student scholarships.

02: Educating the next generation

Genesis Energy supports several educational initiatives.



“ Just over the back fence.”



Rob Duff

Science and Physics Teacher, Green Bay High School
Royal Society of New Zealand, Teacher Fellowship Scheme 2009

“The Genesis Oncology Trust has invested more than \$4 million in cancer control research and education in New Zealand.”

Most of our support is through cash contributions, although some takes the form of donations of material, and some support is from our time and assistance. Just over half of our community contributions are in the education and young people area (58 per cent), followed by health (27 per cent) and environmental (10 per cent).

Our ‘contributions per employee’ are well ahead of the other members because it is one of the smallest employers in the benchmark. This figure therefore needs to be viewed in conjunction with other measures such as ‘contributions as a percentage of total revenue’ and ‘contributions as a percentage of revenue’, where our contributions are on par with the overall LBG member group.

Genesis Energy also supports the LBG programme as the New Zealand representative on the steering committee and on the Australasian Energy Sector committee.

The LBG framework provides Genesis Energy with a strategic approach to track and measure contributions to the community and facilitates the continuous improvement of the programme’s management and performance.

Genesis Oncology Trust – the Growth Continues

Over the past seven years, the Genesis Oncology Trust (GOT) has invested more than \$4 million in cancer control research and education in New Zealand.

The policy of the Trust Board is to apply all funds donated by Genesis Energy customers to the fight against cancer. Administration and other services required by the Trust, such as office accommodation and marketing support, are supplied by Genesis Energy.

Due to the continued generosity of the 64,000 Genesis Energy customers who donate to the trust via their monthly energy bill, more than \$1 million in grants was awarded in 2008. Grants ranged in value from \$2,000 to buy books and manuals for the Wanganui hospice, through to \$130,000 to fund a project at Victoria University of Wellington testing new anti-cancer drugs extracted from a New Zealand sea sponge.

The boost in funding has necessitated an increase in the membership of the GOT Board of Trustees and the Assessing Committee. This year we have welcomed Dr Ann Richardson from Christchurch, who will sit on both the Board and the Assessing Committee, Dr Michael Jameson from Waikato Hospital and Dr Michael Berridge from the Malaghan Institute in Wellington who will serve on the Assessing Committee. Also, Albert Brantley has assumed the role of Chairman of the Board of Trustees this past year.

For more information and the Genesis Oncology Trust 2009 Annual Financial Report, please visit www.genesisoncology.org.nz

Sir Edmund Hillary Outdoor Pursuits Centre

Through our association with the Sir Edmund Hillary Outdoor Pursuits Centre we are proud to support the Genesis Energy Corporate Hillary Challenge which raises funds to help send young New Zealanders on personal development and leadership training courses at the Sir Edmund Hillary Outdoor Pursuits Centres at Tongariro National Park and Great Barrier Island. In addition, the Secondary Schools Challenge allows children to test their skills, endurance and values in the New Zealand wilderness.

Realise the Dream

We are the principal sponsor of Realise the Dream – an event which celebrates, rewards and showcases the work of extraordinary school students from all over New Zealand who have achieved excellence in research and technology. Realise the Dream was supported by Genesis Energy for a week in December 2008. Genesis Energy ran a workshop on sustainability where students designed a school for 2030. Developing the vision of a completely sustainable, energy-efficient school without connection to the grid was a worthwhile





challenge for these top students who will shape tomorrow. It is also an excellent fit with Genesis Energy aspirations of helping to make tomorrow a better place through the things we do today.

Power to the Next Generation

With 12 free solar panels generating part of the school's power visible on the roof of each Schoolgen school and a comprehensive suite of teaching resources available to all teachers in New Zealand, the Schoolgen programme has continued to develop an energy of its own.

An additional 22 schools have had panels installed during 2008/2009 bringing the total number of schools with panels to 33, including nine schools in Auckland, seven in Hamilton, five in the Waikato, nine in Wellington and three in the Hawke's Bay Region. In May a further nine schools in the Manawatu/Wanganui region, were selected to have the Schoolgen package installed in their schools later in 2009.

The comprehensive package now includes a finely tuned launch into each school enabling a school performance by the students using drama and music to teach the core information about solar power to their fellow schoolmates.

Schoolgen also received funding of \$113,631 for the reporting period from the Ministry for the Environment's Sustainable Management Fund.



A special launch of Schoolgen at Clifton Terrace Model School took place on 2 April 2009 with the Minister for the Environment the Hon Nick Smith in attendance, with the Company's Chairman and Chief Executive as well as parents and friends of the school. The Paraparaumu College launch was attended by local Member of Parliament, Nathan Guy who took the opportunity to publicly support the Schoolgen programme.

Teaching staff are supported by the Genesis Energy Environmental Educator Maggie Twaddle to take this new learning and embed the teaching programme from the Schoolgen website into their own schools' curriculums. As many students as possible are taken through special presentations with the Environmental Educator and real people in real jobs from Genesis Energy and the companies involved in the installation contracts. This has developed into career workshops for senior secondary students held at Genesis Energy offices with staff from a range of positions including senior staff preparing powerful presentations of their personal stories of their lives to the position they are in today.

Linking in with the Realise the Dream programme has also been a special opportunity to work alongside students from across New Zealand during their special week in Wellington.



01: Flooding at Huntly College

Genesis Energy helped out by providing flood pumps in August 2008.

02: Outdoor Pursuits Centre

Students test their skills in the outdoors.

03 and 05: Schoolgen

Students take part in the Schoolgen assembly.

04: Realise the Dream

Albert Brantley with Realise the Dream students.



“Every opportunity is taken to speak to teachers from across New Zealand and increase the awareness of Schoolgen.”

Every opportunity is taken to speak to teachers from across New Zealand and increase the awareness of the Schoolgen programme with presentations at education conferences.

The Schoolgen programme is now moving into the next phase with the 'Buddy School' and 'Sister School' trials now under way. The Buddy and Sister School programmes will enable the benefits of the Schoolgen programme to be embraced by a growing number of schools without the need to install solar panels at all these schools. These new additions to the Schoolgen programme create a financially sustainable model for Genesis Energy and Schoolgen into the future.

Schoolgen Hosts Teacher Fellow Rob Duff

Rob Duff is a 2009 Teacher Fellow who has been working alongside the Genesis Energy Schoolgen team during 2009. Currently on leave from his position as a science and physics teacher at Green Bay High School, Rob is part of the Teacher Fellowship scheme funded by the New Zealand Government and run by the Royal Society of New Zealand.

The scheme is open to primary, intermediate and secondary school teachers with a passion that they would like to explore outside of school which relates to science, technology or social science. Rob's chosen project is 'the science of renewable energy and energy-efficient buildings'. This is a personal interest of Rob's as well as being highly relevant to the subjects that he teaches, and to the future in which he perceives that his students will live and work.

Genesis Energy has helped Rob in several key ways. The main advantages have been in setting up meetings and experiences that enhanced Rob's research into renewable energy. As a Schoolgen team member, he has travelled to Rakino Island to visit a community that generates much of its own energy from renewable sources, and to Wellington to see how the Schoolgen photovoltaic panels are installed in schools. He has toured the Tongariro Power Scheme to see how a hydro power station works. Rob will remain with the Schoolgen team until near the end of 2009. A key outcome of his time with Schoolgen will be to produce an electronic resource for schools on renewable energy and energy efficiency.

02



Huntly Power Station Community Consultation

Genesis Energy engages regularly with the Huntly community, including project groups (West Mine Residents Group, Ash Management Residents Group), the Huntly Consultative Group, neighbouring marae, Waahi Whaanui Trust, Waikato-Tainui, councils, businesses, and neighbouring landowners and residents. Frequent dialogue ensures that any issues are discussed between the parties and this assists Genesis Energy in managing the impacts of its operations on the community.

Over the last year, Genesis Energy implemented numerous new initiatives in response to concerns raised during consultation, including additional dust and traffic monitoring and new signage.

01



Rangipo Power Station 25-year Anniversary Open Day

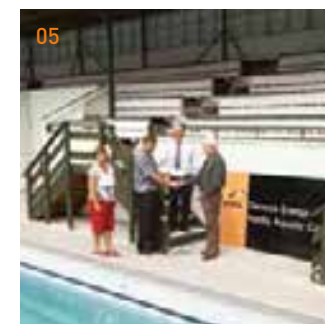
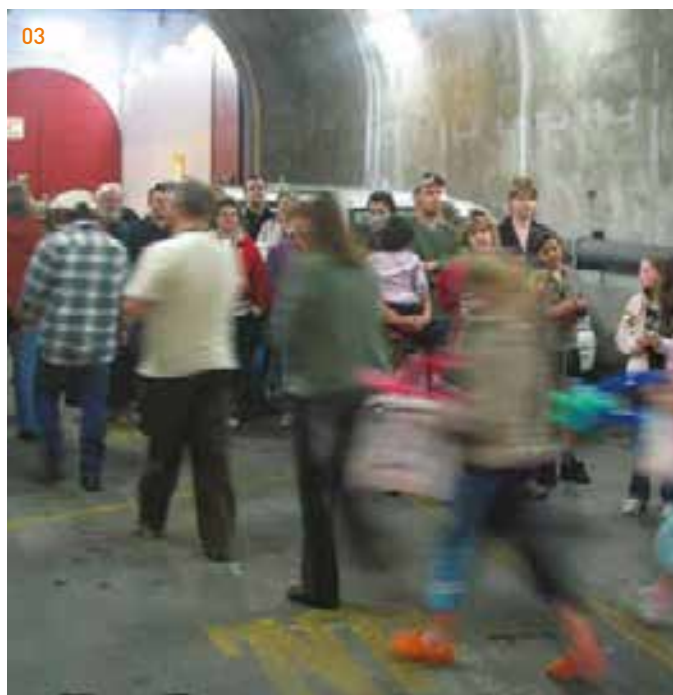
After months of planning, staff opened Rangipo and Tokaanu Power Stations to the public on 8 November 2008 to celebrate 25 successful years of Rangipo Power Station operation. The estimated 2,500 visitors exceeded expectations and kept staff busy. Many visitors were local and included former workers on the scheme. The day was hugely successful and wonderful feedback was received from visitors. A second opening of Rangipo Power Station was organised to accommodate community members who were unable to visit the station on the opening day due to the large number of people that came.

Lake to Lighthouse Multi-sport Challenge

Genesis Energy is proud to be the official sponsor of New Zealand's newest multisport event, the Genesis Energy Lake to Lighthouse Challenge. The race, held over two days in November 2008, involved running, mountain biking and kayaking through some of the most picturesque landscapes in New Zealand. The race covered a distance of some 197km, starting at Lake Waikaremoana and ending in the coastal town of Wairoa. The Wairoa Development Community Trust organised the event, with significant support from the Wairoa District Council, DOC, iwi and hapu and the community in general. Genesis Energy's Waikaremoana Power Scheme is a well-known feature of the area. This initiative provides the Company with an opportunity to give back in a way which supports the long-term social, economic and cultural well-being of local communities. The event attracted huge attention and high numbers of entrants and supporters, providing opportunities for local businesses, clubs, hapu, sporting groups, schools and charities to benefit.

Other Sponsorships of Community Initiatives in 2008/2009 (not exhaustive and excluding mitigation agreements)

Huntly College	Turangi Swimming Pool	Ngati Whatua Nga Rima o Kaipara Trust	Expressions Arts & Entertainment
Te Wharekura o Rakaumangamanga	Turangi Medical Centre	Dress for Success	Genesis Energy Theatre, Telstra Clear Pacific Centre, Manukau City
Huntly primary schools	Lake Waikaremoana Hapu Restoration Trust	OPC Secondary Schools Challenge	Waikato Stadium
Waikato Coalfields Museum	Department of Conservation	Realise the Dream	The Trusts Stadium, Waitakere City
Huntly Information Centre	Waikaremoana schools	NBR New Zealand Opera	Masterton Recreation Centre
Huntly Energy Efficiency Trust	Southern Wairarapa schools	Corporate Challenge	Wanganui Swimming Pool
Genesis Energy Huntly Aquatic Centre	Helensville District Health Trust	Sport Northland	GreenRig
Tongariro National Trout Centre	Woodhill Sands Equestrian	Ocean Beach Surf Life Saving	Institute of Professional Engineers
Turangi schools	Helensville A & P Show	Central Rescue Helicopter	Electricity Engineers Association
Hui Tuakana 2008	Helensville Rugby Club	Taranaki, Wanganui and Wellington Chambers of Commerce	Wind Energy Association
Turangi Coastguards	Helensville Bowling Club	EMA (Northern)	Federation of Maori Authorities
Turangi Healthy Homes Project	Kaukapakapa Firefighters		Aotearoa Wave and Tidal Association



01, 03 and 04: Rangipo Open Day
Thousands of locals toured the underground station at Rangipo.

02: Rob Duff
Teacher Fellow.

05: Huntly Aquatic Centre
Supported by Genesis Energy.



} “Genesis Energy has been working with me and my whanau over the years and we have developed a strong working relationship. We appreciate the friendship and look forward to the future.”

/ **Thomas Te Ngarua Noda**
Chairman, Te Kauri Marae, Hetherington Road, Huntly

} “What is the culture at Genesis Energy?”

Genesis Energy has an outstanding group of people on its staff. Over the years the Company has developed a reputation as an employer of choice through a range of internal programmes focused on leadership development, performance, wellness and health and safety.

Genesis Energy holds the health and safety of our workforce as our top priority.

Ultimately, every employee of Genesis Energy has a duty of care for his/her own health and safety and to avoid placing others at risk. Genesis Energy has developed an organisational health and safety strategy that supports the Genesis Energy business strategy.

A comprehensive wellness programme is in place which encourages staff to participate in a wide range of different health promotions, including fitness programmes, safety and well-being education and health monitoring.

Training programmes are developed and facilitated internally using online learning modules and minimal traditional classroom-based teaching.

General Managers, assisted by Managers, Team Leaders and the Health and Safety Team, are accountable for the

implementation of the Company's strategic Health and Safety Policy. They are responsible for ensuring that all employees have ongoing opportunities to be involved in, and to have their interests represented in, the development, implementation and evaluation of safe workplace practices.

Zero Incident Process

Zero Incident Process (ZIP) is a major safety initiative within the Production business unit which has been progressively rolled out over the last year.

ZIP helps to create a safety culture which enables employees to close the gap between their values, goals and actual behaviour. In this safety culture model, employees not only feel responsible for their own safety, they feel responsible for their peers' safety and the business culture supports them acting on that responsibility. Since the introduction of the ZIP to the Production environment,

to an increase in long-term sickness incidents. Examples include illness through cancer, hip and shoulder replacements and heart, stomach or knee surgery. There is an expectation this level of absenteeism may continue reflecting the ageing population, particularly within the Production environment.

Injury Statistics

Injury frequency rate of
4.24 per 1,000,000 hrs worked
(4 x 1,000,000/total hrs worked)

11 days were lost
due to work-related injury

Absenteeism rate of 3.25 per cent.
(Sick leave + other leave + ACC work-related
+ ACC non-work-related/total hrs available)

Medical treatment by GP 35

First-aid treatment
by first-aid giver or self 102

Total injury events 137

“We empower our people to take control of their safety and wellness at work.”

Future Measurement of Health and Safety Success

Safety leadership requires the use of leading and lagging indicators, which enables a better understanding of the effectiveness of safety efforts within the organisation. In addition, specific measures of success surrounding ZIP are being developed by the ZIP Implementation Team.

Genesis Energy will, in future, use a range of leading and lagging indicators designed to empower our people to take control of safety and to develop an effective organisational safety climate. This allows greater scrutiny of a wider range of measures at a higher level within the organisation.

the more serious events are beginning to trend downwards and, through empowering people to take control of personal safety, a marked increase in minor first-aid injury reporting has occurred. This allows us to better analyse where injuries occur to enable the design and implementation of earlier prevention initiatives designed for the actual cause.

An increase in absenteeism, from 2.32 per cent during the 2007/2008 year to 3.25 per cent during 2008/2009, is due

01



01: Genesis Energy staff

Core business skills training group visits Moawhango Dam in central North Island.

“ We have a can-do view of the world.”



Wendy Cox
Executive Assistant - Corporate Services

“All employees of Genesis Energy receive one day each year during which to be involved in activities in the community.”

Health and Safety Measures adopted by the Chief Executive and the Board for 2009/2010 are:

Leading indicators

- Near misses
- Event actions completed
- Health and safety education and training
- Safe practices observations
- Safety education (toolbox)

Lagging indicators

- Lost-Time Injury Frequency Rate
- Total Injury Frequency Rate
- Lost-Time Injury Severity Rate

Employee Volunteering

All employees of Genesis Energy receive one day each year to get involved in activities in the community. In 2008/2009, 35 per cent of staff participated in employee volunteering up from 11.5 per cent the previous year. This compares well against companies in the London Benchmarking Group where in 2008 on average 8.4 per cent of employees actively participated in community activities during working time.

We have been involved in many worthwhile projects over the last 12 months including:

- A Habitat for Humanity build in Auckland
- Setting up the Special Children's Christmas Party at Mystery Creek
- Assisting the Department of Conservation with Blue Duck banding in Tokaanu
- Cleaning the Spider Monkeys' enclosure at Hamilton Zoo
- Assisting at the Turangi Blue Light Fund raiser
- Cleaning the Golden Lion Tamarind enclosure and KidZone at Auckland Zoo
- Gardening and cleaning the puppy enclosure at the Auckland Foundation for the Blind Guide Dog Centre
- Fencing, painting and paving at the Waikato Riding for the Disabled
- Building a community edible garden at the Kaipatiki Project in Auckland.

Everyone who has taken part in a volunteering opportunity has enjoyed doing something for the community as part of a team. The volunteering programme provides a practical way for employees to contribute their skills and energy to local communities while also personifying the Company values of Imagine, Respect, Support and Drive.

National Apprenticeship Programme

In January 2009, the second intake (from 2006) of 18 apprentices completed the Genesis Energy National Apprenticeship Programme.

The 90 per cent success rate saw five electricians, nine mechanical fitters and four plumbers entering the workforce, most finding employment with their host companies, some heading overseas and one joining Genesis Energy.

Throughout the programme, Genesis Energy's aim has been to lift the level of achievement amongst its apprentices and has been seeking to raise the national benchmark for trade training.



The programme continued in 2009 with 17 apprentices carrying out training assessments to national qualifications with a completion date of January 2011. The third intake consisted of six mechanical apprentices and 11 electrical apprentices.

Genesis Energy will have invested around \$5.5 million in the National Apprenticeship Programme by the time the third intake graduates in January 2011.

Technology-Enabled Learning

Formal learning in the workplace is undergoing a transition. The traditional classroom based learning situation, where a tutor or trainer possesses all knowledge and seeks to pour it into the minds of employees during their short time together, is now being blended and, in some cases, replaced with technology enabled learning solutions.





01: Employee volunteering

Counting Blue Ducks (Whio).

02: Employee volunteering

Tree planting on Mototapu Island, Hauraki Gulf.

03: Liz Allen

First Foundation student

organisations and Genesis Energy agreed to support a student from McAuley High School in 2009. Liz Allen plans to study for a Bachelor of Communications and History from 2010 onwards and will spend university holidays working at Genesis Energy. She also receives some financial assistance towards fees and books.

Julie DesLauriers was Genesis Energy's first placement of an intern through the OMEGA Internship Programme (Opportunities for Migrant Employment in Greater Auckland). The programme was designed to provide skilled new immigrants with their breakthrough first New Zealand job experience.

Julie is a young human resources professional with relevant experience in a Canadian power company. She was able to use the three-month opportunity to gain some New Zealand experience while immersing herself in the Genesis Energy culture. She was also able to contribute her own human resources insights having worked in the same industry.

Our Workforce

The total number of permanent employees at Genesis Energy at 30 June 2009 was 520. We have an additional 52 people on fixed term contracts (not included in the below graph). The electricity industry has an ageing workforce, and this is reflected in our workforce statistics. We address this concern through programmes such as the National Apprenticeship Programme and flexible working practices. Our annual total turnover is 8.62 per cent with the voluntary turnover at 6.32 per cent.

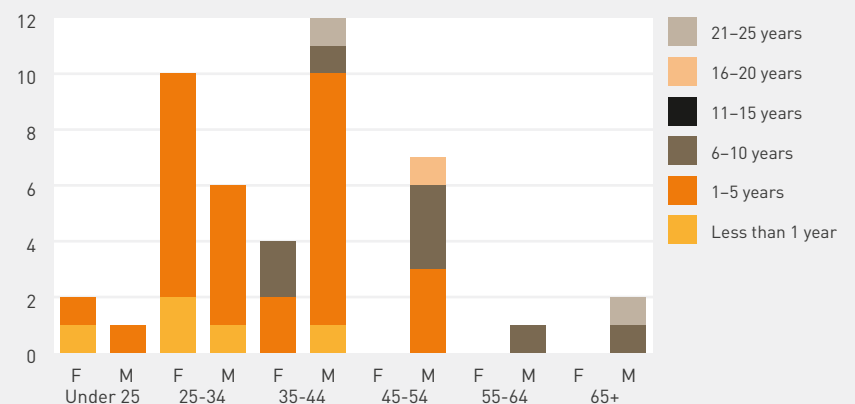
At Genesis Energy we recognise these trends and the opportunities presented for both the student and the Company. In 2005, a Learning Management System was implemented. Formal delivery of training was branded 'My Learning'. Classroom-based, online and blended learning solutions have been delivered through the business since then. Classroom time for attaining Permit Holder Certification reduced 50 per cent during 2009.

In 2007, a simple start was made in supporting Informal Learning using technology. This was branded 'WorkMate'. It carries a variety of online presentations, guides and reference pieces for specific tasks and activities. Our plan is to transform this into a solution that more completely supports informal learning throughout the business, one that is equally owned and contributed-to by everyone in the Company.

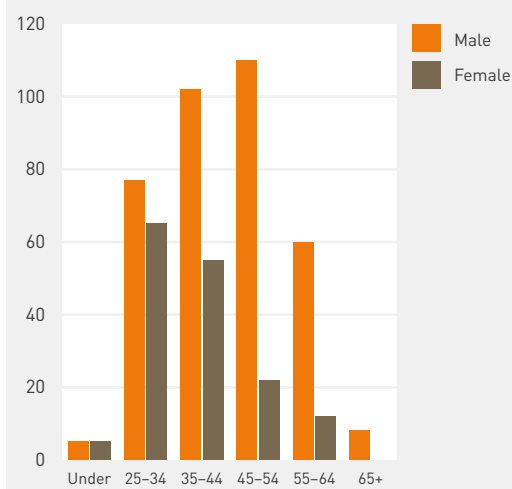
Internships

During the year, Genesis Energy hosted two interns from two quite different programmes. The First Foundation of New Zealand has been operating for 10 years providing 189 senior high school students with work experience, mentoring and financial support for their tertiary studies. The Foundation matches students with supporting

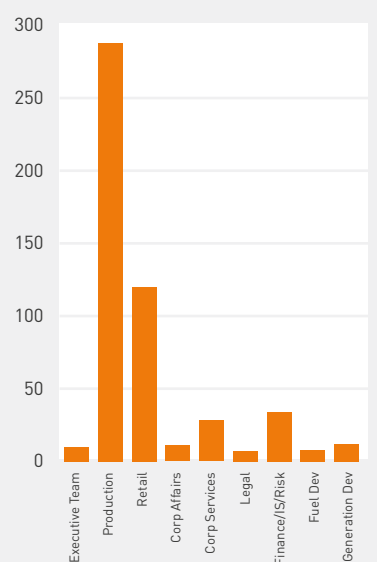
Turnover of permanent employees by age, gender and length of service (as at 30 June 2009)



Age and gender of permanent employees (as at 30 June 2009)



Total employees by business unit (as at 30 June 2009)





} “I have been working with Genesis Energy over the years to guide them in the area of cultural awareness and building relationships within Rāhui Pōkeka.”

/ **Barry Maipi**
Chairperson, Te Ohaaki Marae and Trustee of Huntly Energy Efficiency Trust

} “Meet the people who plan our future.”

Brian Corban

Chairman, CNZM, QSO
MA (Hons), LLB, FInstD, FNZIM

Brian Corban is a professional company director, lawyer and business and community leader. He has experience in successfully leading companies through restructuring and deregulatory changes in the television, telecommunications, transport and electricity sectors. He is Chairman of the Melanesian Mission Trust Board, Ngatarawa Wines and a number of private companies, and a Trustee of various community trusts. In 2000, he was appointed a Fellow of the Institute of Directors in New Zealand and, in 2001, was appointed a Fellow of the New Zealand Institute of Management.



Graeme Milne

B.Tech (Biotech) (Hons)

Graeme Milne is a professional director based on a small sheep and beef farm on the outskirts of Cambridge. After graduating from Massey University in 1975 with an honours degree in Biotechnology, Graeme spent most of his working career in the dairy industry after an initial period in pharmaceuticals and brewing. During the 1980s and again in the 1990s Graeme spent several years based in Europe developing and managing the operations of the New Zealand dairy industry in Russia, Africa, the Middle East and Europe. Currently he is the Chairman of five New Zealand-based entities, including Synlait Ltd, New Zealand Pharmaceuticals, Waikato District Health Board, and holds directorships in four others.



Annabel Cotton

BMS (Accounting and Finance), ACA, CSAP

Through her consultancy firm Merlin Consulting Limited, Annabel Cotton advises New Zealand-based listed companies on their investor relations programmes. A qualified investment analyst and accountant, Annabel is a member of the New Zealand Securities Commission and the Commissioner for Financial Advisers. She is also a Director of NZX-listed Kingfish Limited, Marlin Global Limited, Barramundi Limited and of a number of private companies.



Nicola Crauford

BSc (Hons), PhD, FIPENZ, MInstD, FAICD

Dr Nicki Crauford is the Chief Executive of the Institute of Directors. She is a Director of the Centre of Advanced Engineering, and a Director of a number of private companies. She has over 20 years' experience in the oil, electricity and gas sectors in the UK and New Zealand including over nine years with national grid owner, Transpower. She holds a Doctorate in engineering.



Joanna Perry

Deputy Chair, MA Econ (Cantab)
FCA (ICAEW), FCA (NZICA)

Joanna Perry is a professional director and chartered accountant, and her current appointments include Director of Kiwi Income Property Limited, PSIS and AssureQuality Limited, and Trustee of the Melanesian Mission Trust Board. Joanna chairs the Financial Reporting Standards Board, is a member of the Australian Accounting Standards Board and the Trans-Tasman Advisory Group on Accounting and Auditing Standards.



Ian Kusabs

MSc (Biological Science) (Hons)

Ian Kusabs is of Ngati Tuwharetoa and Te Arawa descent and resides in the Te Arawa district. He is Principal of his own consultancy specialising in freshwater fisheries, is a freshwater adviser to the Tuwharetoa Maori Trust Board, Chairman of the 2020 Taupo-nui-a-tia project, and a member of the Taupo-nui-a-tia management board. He is a member of the Lake Taupo Liaison subcommittee and is also a member of the Royal Society of New Zealand, New Zealand Freshwater Society and a fisheries associate of Wildland Consultants and Charles Mitchell and Associates.



Denis Wood

MA Econ (Hons)

Denis has had a career in investment banking. From 1984 he was a partner in share-broking firm, Buttle Wilson and from 1991 an Executive Director in UBS Warburg. In 1998 he became an executive Director in Ernst & Young Corporate Finance until he retired from the investment banking industry in 2005. Denis is a Director of Tower Limited and Chairman of Mercy Healthcare Auckland Limited. Throughout his career Denis has gained extensive experience in investment management, corporate restructuring, strategic planning and capital raisings.



Sara Lunam

BA, PG Dip Regional and Resource Planning

In her business, Sara Lunam provides a range of advisory services to energy, mining, forestry, transport, ports and some services sectors in Australia and New Zealand. Sara has 20 years' 'heavy industry' experience having been a chief executive in the forestry and transport industries for Carter Holt Harvey and Tranz Rail and having held a range of general management positions in BHP Steel and BHP Transport in Australia and New Zealand. She established her own consulting company in 2001.



Barbara Elliston

BE Elect (Hons)

Trained as a professional engineer, Barbara Elliston has more than 20 years' experience in the electricity industry. She has been involved in a wide range of activities within the sector, including transmission design, power pricing, power contract negotiations, wholesale market development, assistance with the commercialisation of coal seam methane, development of small-scale local generation and business development in the solar hot water industry. She is a Director of a number of solar energy companies.



} “Meet the people who make things happen.”



Albert Brantley

Chief Executive, BSc, P.Geol, F.AuSIMM

Albert is responsible for the overall management and strategic direction for all of Genesis Energy's business interests. He also serves as the Chairman of the Genesis Oncology Trust as well as Chairman of Energy Online. His background has largely been in heavy industry, including oil and gas infrastructure development as well as the mining and power sectors. He has had more than 35 years' experience both in New Zealand and internationally in technical, operational and senior management positions, concentrated particularly in the power industry over the past decade. He has had considerable experience leading businesses requiring political, regulatory and environmental management, both in New Zealand and overseas.



Bob Weir

General Manager Production, MBA, BEE, MIEAust, CPEng, MIPENZ

Bob is responsible for the management and operation of all Genesis Energy's generation assets, trading strategy development and implementation, transmission and intra-generator hedge trading desk and environmental impacts. He is also responsible for implementing the carbon strategy into the business.



Maureen Shaddick

General Counsel and Company Secretary, LLB, BA

As General Counsel, Maureen is responsible for management of the provision of legal services to Genesis Energy and legal compliance and regulatory support. She is the Company Secretary of Genesis Energy and Deputy Chair of the Genesis Oncology Trust.

Dean Carroll

General Manager Retail, BSc

Dean is responsible for the management of Genesis Energy's retail business, leading the retail business unit to provide gas and electricity services driven by the needs of our customers in the residential, commercial, industrial and derivative markets.



Malcolm Alexander

General Manager Corporate Affairs, LLB, BA (Hons)

Malcolm's role includes management of Genesis Energy's strategic planning, corporate environmental policy, government relations, regulatory affairs, public relations and sustainability programmes. He is a board member of the New Zealand Council for Infrastructure Development.





Nic McCondach

General Manager Energy Online, CA

Nic is responsible for managing the Energy Online retail business, providing leadership to ensure the ongoing successful operation of Genesis Energy's wholly owned subsidiary.



Mark Anderson

General Manager Finance, BCom, CA

In addition to the management of Genesis Energy's financial, audit, treasury and insurance functions, Mark has responsibility for the Company's information systems and risk-management framework.



Allan Melhuish

General Manager Fuel Development,
BE (Hons), BCA (Hons), PGDipBusAdmin

Allan is charged with the management of fuel purchases and fuel transportation, Genesis Energy's fuel investment projects including the Kupe Oil and Gas Field. Allan is a member of the Petroleum Exploration and Production Association of New Zealand executive committee.

Peggy Molyneux

General Manager Corporate Services,
MBA, BA, MIPM

Peggy's role includes the management of property and administration, Genesis Energy's recruitment, development training, NZQA training, e-learning and performance, employee relationships, payroll services, health and safety, remuneration and internal communication. Peggy is also Project Manager for the Rodney Power Station project.



Richard Pearce

General Manager Generation Development,
MBA, BE (Hons)

Richard is responsible for the management of Genesis Energy's generation development interests, including major renewable energy and thermal development projects, and investigation of carbon capture and sequestration technology.

Corporate Governance Statement

The following is an overview of Genesis Energy's main corporate governance practices. Genesis Energy has a strong focus on corporate governance and aims to comply with internationally recommended best corporate governance practices as they apply in New Zealand.

Shareholders

Genesis Energy is a State-owned enterprise pursuant to the State-Owned Enterprises Act 1986 ('SOE Act') and is wholly owned by Her Majesty the Queen in Right of New Zealand ('Crown'). The Crown's shareholding is held by the shareholding Ministers who as at 30 June 2009 were:

Hon Bill English	Minister of Finance
Hon Simon Power	Minister for State-Owned Enterprises

Shareholding Ministers appoint the Board of Directors.

Role of the Board of Directors

The Board is responsible for the governance, management and proper direction and control of the activities of Genesis Energy and its subsidiaries. Day-to-day management is delegated to the Chief Executive of the Company under a formal delegations of authority policy with specific reservations to the Board and ongoing oversight by the Board of all activities of the Company.

Generally, the principal functions of the Board are to:

- Approve major strategies, confirm corporate objectives and establish policy;
- Ensure business risks are appropriately identified and controlled;
- Oversee processes for financial reporting and compliance and ensure the integrity of the management information system;
- Select, and review the performance of, the Chief Executive and review succession planning; and
- Approve the formation of subsidiary companies and appoint directors and oversee governance of subsidiary companies.

The Board holds an annual strategic planning workshop with management, and reviews strategic initiatives throughout the year.

While the Board acknowledges that it is responsible for the overall control framework of Genesis Energy, it recognises that no cost-effective internal control system will preclude all errors and irregularities. Written procedures, policies and guidelines, organisational structures allocating responsibilities, a programme of internal audit, regular reporting and the careful selection and training of qualified personnel all form part of the control framework, overseen by the Board.

In discharging its duties the Board requires management to submit annually for its consideration and approval a business plan setting out the Company's operation and development objectives. The Board also approves an annual budget embracing the adopted business plan.

The Board monitors actual financial results compared to budget and forecasts on a monthly basis and, on a quarterly basis, it reviews the Company's performance compared to its business plan objectives.

The Board recognises the particular importance of, and the need to comply with, legislation controlling the environment and management of natural resources, consumer protection and safety and health of employees. For that reason, it monitors the Company's compliance with the statutes concerned through consideration of regular reports from management.

Board Membership

The Board comprises nine non-executive, independent directors. All appointments to the Board are made by shareholding Ministers in accordance with section 36 (1) (a)(i) of the Companies Act 1993 and the Company's Constitution.

Genesis Energy's Constitution requires that directors be appointed to the Board for a fixed term not exceeding three years. Shareholding Ministers may choose to renew an appointment for further fixed

terms of up to three years. Shareholding Ministers appoint the Board Chair and Deputy Chair.

The Board includes some of the country's most experienced business professionals and advisers. Directors' qualifications and special responsibilities, including standing committee membership, are set on page 61.

Composition of the Board

The directors are appointed by shareholding Ministers through a director recruitment process managed by the Crown Company Monitoring Advisory Unit ("CCMAU"). CCMAU seeks the advice of the Board through liaison with the Chairman, to ascertain the particular skills and experience required by the Board.

The Board seeks to maintain a balance of skills, knowledge, experience and perspectives among directors to enable the Board to work effectively in the best interests of the Company.

Governance Practices

The directors support the principles set out in the Code of Practice for Directors issued by the Institute of Directors in New Zealand and the Securities Commission's Principles of Corporate Governance. While recognising that the Code and the Principles are guidelines which do not purport to determine the detailed course of conduct by directors on any particular matter, the directors support the need for the highest standards of governance, behaviour and accountability and report on the matters set out in the Code and Principles in this statement.

Board Meetings

The Board schedules 11 meetings of directors each year at which directors receive monthly monitoring reports from the Chief Executive and senior management and reports on matters requiring directors' approval and information reports. The Board calls additional meetings of directors as required. Each year the Board aims to hold two or three of the meetings of directors away from the corporate office,

combining the Board meeting with an opportunity for directors to meet and engage with stakeholders, iwi, hapu and business partners of the Company.

Board Committees

The Board may constitute standing committees that focus on specific areas of the Board's responsibility. The Board also reserves the right to constitute temporary non-standing committees to consider agreed business or projects of the Company. The Board uses committees where this enhances its effectiveness while retaining Board responsibility.

The current standing committees comprise the Audit Committee and the Remuneration Committee. Following each Committee meeting the Committee is required to report back on its proceedings to the next meeting of the full Board.

Audit Committee

The Audit Committee has power of recommendation to the Board and is scheduled to meet no less than four times a year, with additional meetings being convened when required.

The principal purpose of the Audit Committee is to assist the Board in the proper and efficient discharge of its responsibilities to exercise due care and skill in relation to:

- Integrity of external financial reporting;
- Financial management;
- Internal control systems;
- Accounting policy and practice;
- Risk management framework and monitoring compliance with that framework; and
- Compliance with applicable laws, regulations and standards.

The Chair of the Audit Committee is a chartered accountant and is not the Chairman of the Board.

Director	Appointment date	Special Responsibilities
Brian Corban CNZM, QSO MA (Hons), LLB, FlInstD, FNZIM	21 December 1998	Establishment Board (IDG) member August 1998. Chairman of the Board of Directors from 11 May 1999 Member of Audit Committee from August 1999 Member of Remuneration Committee from February 2001
Joanna Perry MA Econ (Cantab), FCA (ICAEW), FCA (NZICA)	1 May 2007	Member of Audit Committee from May 2007 Chair of Audit Committee from September 2007 Deputy Chair from May 2009
Annabel Cotton BMS (Accounting and Finance), ACA, CSAP	8 June 2004	Member of Audit Committee from August 2004
Ian Kusabs MSc (Biological Sciences) (Hons)	3 June 2004	Member of Remuneration Committee from July 2008
Nicki Crauford BSc (Hons), PhD, FIPENZ, MInstD, FAICD	1 January 2005	Chair of Remuneration Committee from July 2008
Barbara Elliston BE Elect (Hons)	1 May 2008	
Sara Lunam BA, PG Dip Regional and Resource Planning	15 August 2008	
Denis Wood MA Econ (Hons)	1 May 2009	
Graeme Milne BTEch (Biotech) (Hons)	1 May 2009	
Mike Williams MA (Hons)	27 November 2002 Ended 31 December 2008	Member of Remuneration Committee from March 2005 Deputy Chairman from May 2007
John Stace	1 May 2006 Ended 30 April 2009	Member of Audit Committee from July 2008

The Board has established full terms of reference for the Audit Committee which are reviewed annually.

Remuneration Committee

The Remuneration Committee has power to recommend to the Board and is scheduled to meet no less than twice a year, with additional meetings being convened when required.

The principal purpose of the Remuneration Committee is to assist the Board in the discharge of its responsibilities in relation to the setting and review of the terms of employment and remuneration of the Chief Executive, the review of the terms of employment and remuneration of direct reports to the Chief Executive, and the

setting and review of policy in relation to directors' fees and expenses.

The Board has established full terms of reference for the Remuneration Committee which are reviewed annually.

Additional Committee

During the year directors Joanna Perry and Annabel Cotton, Chair and member of the Audit Committee respectively, were appointed to the Company's Due Diligence Committee in relation to its Retail Bond Issue. Joanna Perry was Chair of the Committee. Other members of the Committee included senior management and external advisers. The Committee met six times between October and December 2008.

Attendance of Meetings

In the year ended 30 June 2009 there were 13 Board meetings including two additional teleconference meetings, six Audit Committee meetings and three Remuneration Committee meetings. Attendance at Board and Committee meetings is set out below.

All directors attended a joint Board and senior management strategic planning workshop in February 2009.

Directors	Board Attendance (scheduled and additional)	Audit Committee	Remuneration Committee
Brian Corban	13	6	3
Joanna Perry	11	6	
Annabel Cotton	12	5	
Ian Kusabs	12		3
Nicki Crauford	12		3
Barbara Elliston	13		
Sara Lunam (from Aug 2008)	11		
Denis Wood (from May 2009)	2		
Graeme Milne (from May 2009)	3		
Mike Williams (to Dec 2008)	5		1
John Stace (to Apr 2009)	9	3	

Risk Management

The Board requires the Company to operate rigorous processes for risk management and internal control. Genesis Energy has developed a comprehensive, enterprise-wide risk management framework which is reviewed, for approval by the Board, on an annual basis. The Company's management actively participates in the identification, assessment and monitoring of new and existing risks. Particular attention is given to the market risks that could impact on Genesis Energy. All trading activities are consistent with the requirements and procedures stipulated in the Company's Market Risk Policy and credit risks arising in the retail business are managed through the Credit Risk Policy. Both of these policies are approved by the Board and are subject to regular oversight by a committee of senior executives. Management undertakes regular reporting to apprise the Audit Committee and the Board of the Company's risks and the treatment of those risks.

Audit

The Board has adopted a policy to prevent the auditors providing services on any matters that may compromise audit independence.

External Audit

In accordance with section 15 of the Public Audit Act and section 19 of the SOE Act, the Office of the Controller and Auditor-General is required to express an opinion on Genesis Energy's financial statements. The Auditor-General has appointed Bruce Taylor of Deloitte to undertake the audit on its behalf.

The Audit Committee meets regularly with the external auditor and the Board requires regular financial reports and information from management throughout the year, facilitating the Board's ability to give a true and fair view of the financial position of the Company and the Genesis Power Limited Group.

Specific note is made in the Financial Statements of certain other services provided by Deloitte, and elsewhere in this report, during the period under review.

Internal Audit

Genesis Energy has established an outsourced internal audit function that is responsible for monitoring the Company's internal control systems and risk management and the integrity of the financial information reported to the Board. Internal audit operates both with, and independently from, management and reports its findings directly to the Audit Committee. The Audit Committee reviews the annual internal audit plan and recommends the same for acceptance by the Board. Internal audit liaises with the external auditor, who also reviews the systems of internal control to the extent necessary to support its audit opinion.

The Company has appointed Ernst & Young as its internal auditor. The Audit Committee meets regularly with the internal auditor.

Both the internal auditor and the external auditor have unrestricted access to the Audit Committee and to the Board.

Sustainability

The Board recognises that Genesis Energy has obligations under the SOE Act to be a good employer and to exhibit a sense of social responsibility by having regard to the interests of the community in which it operates and by endeavouring to accommodate or encourage these when able to do so. However, the Board believes that sound business practice necessitates an approach that looks beyond simple compliance with strict legal requirements.

Accordingly, Genesis Energy has adopted a sustainable business model requiring that business decisions are made within a wide context including the economic and environmental impacts of decisions, the views and expectations of stakeholders and the impact of today's decisions on future generations. The incorporation of the following sustainability objectives within the Company's business operations is intended to drive the performance of Genesis Energy as a sustainable company:

Category	Sustainability Objectives
Financial	To be fiscally responsible whilst delivering on shareholder value and performance expectations.
Production and New Generation	To provide production and new generation solutions that demonstrate strong sustainability performance.
Customers	To be recognised as a leading New Zealand energy provider that customers are proud to be associated with.
Community, Iwi, Hapu and Stakeholders	To engage meaningfully with the communities, iwi and hapu, in the areas in which we operate and with other key stakeholders.
Our Footprint	To manage responsibly Genesis Energy's footprint while growing our business.
Employees	To partner with our people for success.
Governance and Benchmarking	To follow best practice in corporate governance and benchmark the Company's sustainability performance.

Stakeholder and Iwi Engagement

The Board requires management to provide regular reporting on the nature and extent of stakeholder and iwi and hapu engagement and consultation pertinent to the Company's business interests and the communities in which it operates.

The Company carries out customer, stakeholder and employee surveys on a regular basis and as required by the Board from time to time.

Board Self Review

The Board undertakes an annual self review process. In addition, the directors review the Chairman and the Chairman carries out a one-on-one evaluation with each director. The Board has established evaluation templates to guide the review process and addresses matters including integrity and ethics, teamwork, governance, communication, strategic leadership, perspective, business acumen, judgment and decision making.

Board Training and Development

The Board recognises the importance of continuing education on the role, duties and knowledge requirements of directorship in New Zealand. Directors, whether new to the role or experienced senior directors, are given the opportunity to participate

in training and development programmes made available by CCMAU, the Institute of Directors and other providers. Board members partake in specific industry conferences and workshops to keep abreast of developments particular to the business of the Company. Directors and senior management participated in an in-house Carbon Workshop in August 2009.

A Director Induction Programme, including site visits, is completed at the commencement of each director's term to ensure a broad understanding by each director of the Company's business and assets.

During the individual director evaluations with the Chairman, as part of the Board's annual review process, the Chairman and director discuss and plan the individual director's training and development needs.

Performance-Based Remuneration

A percentage of the Chief Executive's total remuneration and that of each of the Company's senior executives is linked to the achievement of performance objectives, and financial, environmental, health and safety, and social targets which are agreed and reviewed on an annual basis.

The Board, through the Remuneration Committee, agrees the Chief Executive's performance targets and the percentage of at-risk salary attached to each target

and undertakes a six-monthly and annual review of the Chief Executive's achievement of the targets to determine the amount of at-risk salary payable.

Conflicts of Interest

The Board has adopted a policy that prohibits any director providing services, in any capacity, to the Company except with the prior written approval of shareholding Ministers.

All directors are required to disclose any conflicts of interest, or if they have an interest in any transaction, in which case they will generally not be entitled to partake in the discussion or to vote in relation to that transaction.

To facilitate the disclosure of interests and identification of any actual or perceived conflicts of interests the Company's Disclosure of Interests Register is tabled and reviewed at the beginning of each Board meeting.

Ethical Behaviour

The Board has adopted a number of policies to provide guidance to directors, management and staff as to the expected standard of behaviour in conducting the business of the Company. These include policies covering directors' and employees' expenses and reimbursement, other sensitive expenditure, the giving and receipt of gifts, probity when dealing with suppliers, the treatment of fraudulent actions and protected disclosures.

Shareholder Relationship

The SOE Act provides a comprehensive outline of a state-owned enterprise's reporting responsibilities and accountability. The business planning process culminates in the delivery of a final Statement of Corporate Intent (SCI) in respect of the relevant financial year and each of the four following financial years for tabling in Parliament. Before the SCI is finalised the Company is required to provide shareholding Ministers with a draft SCI supported by the Company's business plan to enable shareholding Ministers and their

advisers to assess the SCI. In preparing the SCI, the Company is required to consider and address the Company's objectives, and nature and scope of activities, to provide financial and non-financial performance indicators and an estimate of current commercial value, to state the Company's dividend policy and to indicate the matters in respect of which the Company will consult with shareholding Ministers.

The Company is required under the SOE Act to provide annual and six-monthly reports and, in addition, shareholding Ministers also expect quarterly reporting to shareholding Ministers. This quarterly report is required to fully and accurately summarise the Company's performance against budget, identify the cause of major variances, signal any potential developing issues and highlight major achievements for the quarter as well as the number of full time equivalent staff employed by the Company and a clear statement of the outlook for the rest of the financial year.

Shareholding Ministers expect the Board to be sensitive to their interests and to be mindful that Ministers are accountable to a wider audience. Accordingly, the Board has approved practices which endeavour to ensure shareholding Ministers are informed well in advance of any material or significant events and transactions and other issues relating to the Company that may be contentious or could attract wide public interest, whether positive or negative.

CCMAU acts as the liaison between shareholding Ministers and the Company and facilitates quarterly meetings. CCMAU issues an Owner's Expectations Manual which is provided to each director to ensure directors are aware of Shareholding Ministers' expectations of directors.

The Board has adopted a policy that requires all communications with Shareholding Ministers, whether in writing or in person, to be authorised by the Board.

The Board requires regular monthly reports from management on all communications with Ministers and officials.

About this report

Producing a sustainability report is a key part of the process of defining what being a sustainable organisation means to us and our stakeholders. It will help promote discussion both within the Company and in the communities in which we operate. As such the target audience for this report is all of our stakeholders as identified on page 78.

Identifying Material Content

This is Genesis Energy's third annual sustainability report, containing information about the Company's economic, environmental and social policies and performance. The previous sustainability report was published in 2008. This report identifies the areas that we believe are the most important to Genesis Energy's sustainability.

To identify the key material issues, we first compiled information on economic, environmental, governance and social issues that were relevant to Genesis Energy's business and stakeholders. To this end, we reviewed numerous sources, including:

- Corporate plans, objectives and strategies
- The Company's risk register
- Shareholder resolutions and other feedback received through ongoing dialogue with shareholding Ministers
- Partners', non-governmental organisations', suppliers' and other stakeholders' concerns and interests
- Media coverage
- Industry benchmarking
- The Global Reporting Initiative (GRI), Electricity Sector Supplement.

The assessment was based upon three parameters which we used to define and determine materiality for the purpose of sustainability reporting:

1. The level of concern to external stakeholders
2. The impact of stakeholder concern on our ability to achieve our Business Plan
3. The degree to which Genesis Energy can control and influence the topic or issue.

We weighted the issues raised (highest weighting went to the first two criteria above) and combined this assessment with the presence of the issues in the GRI in order to prioritise their coverage in the Annual Report. The topics that had the highest score for this reporting year were considered to be the most material at this time, to be included in the Annual Report.

Sustainability Reporting Guidelines

The content of the Annual Report is guided by the GRI Sustainability Reporting Guidelines Version 3.0 (G3) and the Electricity Utility Sector Supplement (2009). The report meets the requirements of Application Level C+ (refer page 73 for GRI application level table).

The GRI Guidelines provide a voluntary reporting framework used by organisations globally for "measuring, disclosing, and being held accountable to internal and external stakeholders for organisation performance toward the goal of sustainable development".

In addition to guiding principles on report content and quality, the GRI includes a suite of disclosure indicators relating to company profile, strategy, governance, stakeholder engagement and environmental, economic and societal performance. An index at the back of this report provides readers with a link between report content and relevant GRI indicators.

We have relied on our materiality self-assessment described above to meet the GRI principle of completeness. However, this has been limited as stakeholders have not been consulted on the report.

Use of the GRI's Reporting Principles

We have reviewed GRI's G3 Reporting Principles for Defining Report Content and Quality, with emphasis on ensuring we provide material representation of Genesis Energy's sustainability performance. We have drawn upon the outcomes of our frequent and formal stakeholder engagement to determine materiality (as discussed previously in this section).

Reporting Period, Accuracy and Completeness

This report is based on the performance and information for the financial year to the end of June 2009. Some data on our environmental performance for the financial year is not included in this report due to the prioritisation of information. This information is available in the Annual Environmental Reports published for the Tongariro and Waikaremoana Power Schemes.

There is much historical information that may meet GRI indicator requirements, however, this is not included in the report as it does not meet the GRI principle of timeliness or would be repeating information found in earlier annual reports. Much of this information can be found on our website.

Every year we report using the GRI, our systems for data collection and accountability grow more sophisticated and we strive for continuous improvement in this area. Some of these systems have been audited during 2008/2009. A sample of the data collected was also subject to the assurance review undertaken by Deloitte.

Boundary of the Report

Wholly-owned subsidiaries of Genesis Energy, such as Energy Online are included in the scope of this report as we have control over this company. Coverage of performance indicators for Energy Online has increased compared with the 2008 Annual Report and we aim to expand this content for Energy Online in our 2010 Annual Report. Joint ventures and investments are not included for the purposes of sustainability reporting as they are largely operated by external organisations and are outside of our control. However, as we do have significant influence on them and they do have significant impacts, we will investigate whether it is material to disclose our management approach to these entities in future reports. Also outside of this report are outsourced customer contact centre services provided by SITEL, a variety of field services contractors and our coal and gas suppliers. All of these are outside of our control. Please refer to the notes to the financial statements for an explanation and illustration of our company structure.

External Assurance

For the first time this year, the Annual Report has been subjected to a limited assurance review, in accordance with the ISAE3000 audit standard, by Deloitte. The assurance scope included application of the GRI principles and selected GRI performance indicators.

The application level of the GRI has been third-party checked by Deloitte. This is a significant step. The outcomes of this year's assurance process have identified several clear steps to move us forward on our sustainability journey.

Our financial statements have also been audited by Deloitte on behalf of the Auditor-General.

Internal Audit

We commissioned Ernst & Young to undertake an Internal Audit report for our non-financial reporting material in 2008. The following four key non-financial areas were focused on:

- Health and Safety
- Asset Management
- Resource Consenting
- Carbon Dioxide Emissions.

Independent Assurance Statement

To the Directors of Genesis Power Limited

We have been engaged by the directors to conduct a limited assurance engagement on the 'Sustainability Content for Genesis Power Limited's Annual Report' (the Content) for the financial year ending 30 June 2009 as described below:

- Global Reporting Initiative Sustainability Reporting Guidelines (GRI G3) 'application level' - reviewing whether the Content meets the requirements of the 'C+' application level as stated in the GRI G3 for Sustainability Reporting;
- GRI G3 'principles for defining report content' – reviewing Genesis Power Limited's application of the GRI 'principles for defining report content';
- GRI G3 selected 'performance indicators' – reviewing whether the information reported as part of the sustainability reporting indicators on page 73 (presented in the table 'The following 10 GRI Performance indicators form part of the 'C+' GRI application level') has been correctly extracted from the underlying systems of the Company;
- Reviewing whether the achievements reported as part of the sustainability reporting on pages 66 through 72 are fairly reflected.

This report is provided solely to the directors of Genesis Power Limited in accordance with our letter of engagement dated 28 July 2009. Our work has been undertaken so that we might state to the directors of Genesis Power Limited those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume duty, responsibility or liability to anyone other than Genesis Power Limited for our work, for this independent assurance statement, or for the conclusions we have formed including, without limitation, liability for negligence.

Directors' Responsibility

The directors are responsible for:

- The preparation and compilation of the Content and for the information and statements contained within it in accordance with the GRI G3
- Determining the objectives in respect of sustainability performance and for establishing and maintaining appropriate performance management and internal control systems from which the reported information is derived based on the GRI G3.

Our Responsibility

It is our responsibility to independently express a conclusion on the reliability of management's assertions on selected subject matters as outlined above.

Basis of Opinion

The evaluation criteria used for our assurance on GRI G3 'C+' application level and GRI G3 'principles for defining report content' are based on the publicly available GRI G3.

We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements (New Zealand) 3000: Assurance Engagements Other than Audits or Reviews of Historical Financial Information ('ISAE (NZ) 3000'). To achieve limited assurance the ISAE (NZ) 3000 requires that we review the processes, systems and competencies used to compile the information on which we provide limited assurance.

It does not include detailed testing of source data or the operating effectiveness of processes and internal controls. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement conducted in accordance with ISAE (NZ) 3000 and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we will not express an opinion providing reasonable assurance.

Considering the risk of material error, we planned and performed the work to obtain all the information and explanations considered necessary to provide sufficient evidence to support our assurance conclusions.

Our procedures consisted primarily of the following:

- Understanding and analysing the process for preparing the content, including;
- Assessing the Content against the requirements of GRI G3 'C+' application level
- Interviewing the senior executives and group level sustainability team responsible for preparing the Content
- Analysing the process of compiling and validating information received from data owners for inclusion in the Content
- Reviewing the Content against the findings of our work and, as necessary, providing recommendations for improvement.

Other than in our capacity as auditors of the statutory financial statements on behalf of the Auditor General, we have no relationship with or interests in the Company or any of its subsidiaries. Furthermore, principals and employees of our firm deal with the Company on arm's-length terms within the ordinary course of the Company's trading activities. Other than this limited assurance engagement, the financial statutory audit and arm's-length transactions, we have no relationship with or interests in the Company, or any of its subsidiaries.

Conclusion

Based on the procedures performed, in all material respects:

- GRI G3 'application level' – nothing has come to our attention to suggest that the Content prepared by Genesis Power Limited has not met the requirements of the 'C+' application level as stated in the GRI G3 for Sustainability Reporting
- GRI G3 'principles for defining report content' – nothing has come to our attention to suggest that Genesis Power Limited has not applied the GRI G3 'principles for defining report content' in the Content
- GRI G3 selected performance indicators – nothing has come to our attention to suggest that the information reported under performance indicators on page 73 (presented in the table 'The following 10 GRI Performance indicators form part of the 'C+' GRI application level') has not been correctly extracted from the underlying systems of the Company
- Nothing has come to our attention to suggest that the achievements reported as part of the sustainability reporting on pages 66 through 72 are not fairly reflected.

Our limited assurance engagement was completed on 25 August 2009 and our conclusion is expressed as at that date.



Deloitte.

Chartered Accountants
Auckland, New Zealand

Targets and Actions Report

Our Targets and Actions In 2008/2009 Our Progress In 2008/2009

Objective 1: To respect the social, economic and environmental wellbeing of the world around us	
Genesis Energy's CSR practices are working towards best practice	We continued to progress this target
Investigate options to amend current auditing processes to encompass Annual Report data	<p>Action achieved</p> <p>While our current auditing processes have not been amended:</p> <ul style="list-style-type: none"> • In August 2008, Ernst & Young completed an internal audit of the following four key non-financial areas: Health and Safety; Asset Management; Resource Consent Management; and Carbon dioxide produced. • Limited assurance of non-financial GRI Annual Report 2009 data has also been completed by Deloitte.
The 2009 Annual Report is to be independently reviewed against GRI principles and disclosure requirements	<p>Action achieved</p> <p>Deloitte was engaged to perform limited assurance against the ISAE 3000 for the 2009 Annual Report. The assurance focussed on performance against the GRI principles and indicators and included a limited review of sample material data.</p>
Implement stakeholder engagement tools across the Company's business units as a mechanism to work towards best practice	<p>Action still to be achieved</p> <p>This action is ongoing. A plan is currently being developed to advance stakeholder engagement beyond environmental and social performance.</p> <p>We currently undertake regular stakeholder engagement around our environmental and social performance as identified on page 79 of this report.</p>
To participate in the London Benchmarking Group in 2008	Target achieved
Submit LBG data by 1 August 2008	<p>Action achieved</p> <p>Genesis Energy participated in the London Benchmarking Group (LBG) in 2008. Genesis Energy's community contributions included in LBG had a value of \$1.7 million from a total Australasian pool of \$158 million. Genesis Energy to participate in LBG in November 2009. A summary of the 2009 results will be published online by the end of 2009.</p>
Objective 2: To engage employees in the Corporate Social Responsibility Strategy	
Continue to develop and offer an employee volunteering programme: 30 per cent of staff participate in Employee Volunteering	<p>Target achieved</p> <p>35 per cent of staff participated in Employee Volunteering during 2008/2009.</p>
Provide specific opportunities for staff across the business to participate in community volunteering activities	<p>Action achieved</p> <p>Specific opportunities have been provided including: Auckland and Hamilton Zoos; Tree-planting along Waikato River; volunteering at various Schoolgen schools; Turangi Foodbank; SPCA; Habitat for Humanity; and Waikato Riding for the Disabled.</p>
Objective 3: To reduce the carbon intensity of Genesis Energy's generation portfolio over time	
Reduce carbon intensity by 30 per cent below 2005/2006 levels by 2015	<p>Target on track to be achieved</p> <p>Carbon intensity in the 2008/2009 year is 24 per cent below 2005/2006 levels. This result is a reflection of ongoing efficiency improvements at the Huntly Power Station as well as hydrological conditions that allowed greater generation volumes from renewable generation assets.</p>
Continue to implement efficiency improvements at existing plant ie: C&I Upgrade completed on additional unit by April 2009	<p>Action achieved</p> <p>The Control and Instrument Upgrade – All four of the Huntly units have now completed the upgrade from the old analogue control systems to the Distributed Control System (DCS) digital platform. Tuning activities to optimise unit performance have now been completed.</p>
Condenser upgrade completed on additional unit by June 2009	<p>Action achieved</p> <p>Performance testing of the second Condenser upgrade installed in Huntly Unit 2 during the Cold Survey outage has been completed. Preliminary results are good and comparative with the performance of the upgraded condenser on Unit 4. The condenser modules for the third condenser is on site and in storage until required.</p>
Consent and construct 300MW of renewable energy projects by 2015	We continued to progress this target
Investigate and consent 300MW of suitable wind farm sites	<p>We continued to progress this action</p> <p>In 2009, Genesis Energy signed land rights agreements with landowners in northern and southern Wairarapa covering two potential wind farm sites.</p>

Our Targets and Actions In 2008/2009 Our Progress In 2008/2009

Investigate, consent and construct 40MW of mini hydro opportunities	<p>We continued to progress this action</p> <p>Genesis Energy is exploring further hydro development. Using geographical information and mapping software, the Company has identified a number of opportunities for advancing through project pre-feasibility studies.</p>
Investigate and consent the development of 150MW of geothermal energy	<p>We continued to progress this action</p> <p>In the 2008 Annual Report, we reported on geothermal testing at locations in the central North Island. Discussions with the landowners of these sites have continued over the past year with no significant progress to report.</p>
Continue to advance the commercialisation of wave and tidal energy generation in New Zealand	<p>We continued to progress this target</p> <p>Genesis Energy maintains membership with AWATEA and keeps a watching brief on the commercialisation of wave and tidal energy generation.</p>
Continue to champion initiatives for carbon capture and sequestration	<p>We continued to progress this target</p> <p>Genesis Energy maintains membership of the CO₂CRC (Australian Cooperative Research Centre for Greenhouse Gas Technologies) and the New Zealand Carbon Capture and Storage Steering Group.</p>
Objective 4: To reduce the carbon intensity of Genesis Energy's non-generation activities	
Continue to monitor non-generation activities and, where possible, reduce emissions	<p>We continued to progress this target</p> <p>Refer also to targets on office and auxiliary energy performance, waste minimisation and sustainable purchasing.</p>
Offset remaining emissions by June each year	<p>Action achieved</p> <p>Non-generation emissions totalled 1,071 tCO₂. We purchased 1,200 carbon credits originating from the Palmerston North City Council's Awapuni Landfill Gas to Electricity Project (as per last year). The carbon credits have been retired on the TZ1 Exchange by Carbon Market Solutions Ltd on behalf of Genesis Energy.</p>
Continue to reduce energy consumption to meet EECA low typical usage benchmark at all office sites	<p>Target achieved</p> <p>Continue to meet EECA benchmark at Greenlane and Wellington office sites. Energy consumption at Hamilton was 472kWh/m² and we will work to implement appropriate recommendations from their recent energy audit. This year, we have included Energy Online in our audit programme. They also achieved the EECA benchmark with 240kWh/m².</p>
All remaining sites to have energy audits	<p>Action achieved</p> <p>Audits completed at Greenlane, Hamilton and Wellington. Energy Online audit completed.</p>
Commence implementation of energy audit appropriate recommendations by June 2009	<p>Action partially achieved</p> <p>Not all audit recommendations have been implemented due to commercial viability. Hamilton has undertaken implementation of appropriate recommendations, for example:</p> <ul style="list-style-type: none"> • All HVAC work has been completed but will need to be reviewed within the next year to check the HVAC is still operating within appropriate levels. • Delamping across both floors has occurred and lighting levels are now a more acceptable level in the region of 500 LUX (versus previous range of about 800-2000Lux). • Staff café sensor was deemed to not be required as the café has a light tube from outside.
Investigate energy efficiency opportunities in non-generation energy consumption at generation sites	<p>We continued to progress this target</p>
All remaining sites to have energy audits	<p>Partially achieved</p> <p>An auxiliary Energy Audit was undertaken at Huntly Power Station in 2007. The recommendations have not been implemented.</p> <p>We have recently conducted an assessment of the power consumption at the Tokaanu Power Station outstations. We found that a number of uncontrolled heaters were of little benefit as they were heating large well-ventilated concrete structures. Other heaters with variable thermostats were set at excessive temperatures; these have since been reset. Currently, we have a work plan to remove a number of uncontrolled heaters. By implementing these actions, we will save approximately 61,320kWh. We expect to see ongoing savings from reducing the temperature setting on heaters at a number of the outstations. Excessive lighting at the Tongariro Power Scheme outstations was found not to be an issue.</p>
Benchmark our current fuel consumption in all Genesis Energy fleet vehicles and rental vehicles	<p>We continued to progress this target</p>
Collate annual vehicle data that includes kilometres travelled	<p>Partially achieved</p> <p>Benchmarking on fuel consumption and kilometres travelled was completed for all fleet vehicles in the Greenlane, Hamilton and Huntly sites and rental cars corporate wide. Gaps exist for Tokaanu and Tuai. The trend recorded over the past 12 months is a significant reduction in the cost of fuel and the kilometres travelled by rental cars and an increase in the use of the fleet vehicles – a number of which are hybrids.</p>

Our Targets and Actions In 2008/2009 Our Progress In 2008/2009

Complete a fleet management plan	We continued to progress this action Due to changing business needs a fleet management plan is still in the process of being developed but will be completed by December 2009.
Reduce waste to landfill from all office buildings by 30 per cent below 2007 levels by June 2010	Target achieved for Greenlane and Wellington offices We continued to progress this target for all other offices
Implement waste minimisation programme across all sites	Action partially achieved Waste minimisation is undertaken at various levels at all sites. There is still room for improvement at all sites to reduce waste to landfill.
Implement annual waste audit procedures across all sites	Action achieved Audit procedure in place across all offices. Audit undertaken at Energy Online.
Reduce total waste to landfill from generation sites	We continued to progress this target Since the 2007 audit, waste to landfill has been reduced 37.5 per cent per FTE at Tokaanu. At Huntly we continued to work towards this target. The annual audit found that we had fewer landfill waste bins collected during 2008/2009, and therefore assume that there was less waste being sent to landfill. Initial waste audit conducted at Tuai Power Station to obtain baseline data.
Implement waste minimisation and reduction programme across all generation sites	We continued to progress this action Increased waste being reused or recycled at all generation sites. In addition to usual recyclable waste stream we also recycle polystyrene, wooden pallets, waste oil and scrap metal.
Implement annual waste audit procedures across all sites	Action achieved Audit procedure in place across all generation sites.
Implement recommendations from the Sustainable Purchasing Guidelines review by June 2009	Target partially achieved The guidelines are still under review, however, activities to use sustainability principles in purchasing have increased. For example, we use 100 per cent recycled or FSC office paper, locally made furniture in office refurbishments, and New Zealand-made T-shirts for Employee Volunteering.
Review Environmental Purchasing Guidelines	Action yet to be achieved A review is under way but yet to be completed.
Develop a matrix for new builds and refurbishments	Action achieved An Environmental Sustainable Development Guideline for building refurbishment has been completed which includes a matrix for office refurbishments and small building projects.
Implement a monitoring system for purchasing	Not achieved A monitoring system for purchasing contracts has not been developed this year.
Integrate into business systems	We continued to progress this action Integration is an ongoing work stream. For example, we have included statements in all procurement documents to address sustainable procurement requirements, and generic KPIs for all contracts have been identified to enable evaluation of service providers'/contractors' performance in the area of sustainability.
Provide staff training in Sustainable Purchasing Guidelines	Partially achieved No specific staff training completed other than for the Sustainable Procurement Committee. Conducted a sustainability workshop with retail and administrative suppliers at our Greenlane office. Generation sites are considering a sustainability workshop for generation suppliers.
Objective 5: To encourage and assist customers and stakeholders to reduce greenhouse gas emissions	
Continue to identify and offer climate change campaigns that will provide measurable energy emissions and reductions for customers	We continued to progress this target
Implement a loyalty programme that enables residential customers to benefit from their carbon savings where practical	Action achieved In October 2008 we launched Brownie Points, a programme that rewards customers for such things as receiving their bills online and paying electronically. Approx 33,400 customers have moved to online billing during 2008/2009.
Continue to provide energy-efficient offers and advice to customers to assist them to reduce their carbon footprints	Action achieved A heat pump campaign was run from May through to August 2008. The total number of sales was 1,731. Our 2009 heat pump campaign resulted in over 850 sales as at 30 June 2009. Smart Savers was launched in October 2008. Smart Savers gives customers exclusive access to product offers for their homes and businesses.

Our Targets and Actions In 2008/2009 Our Progress In 2008/2009

	<p>We continue to encourage TreePeople to continually make pledges and change their behaviour to help the environment. During 2008/2009 155,183 pledges have been made by Tree People. We publish the potential carbon savings of the pledges on www.treepeople.co.nz</p> <p>At Mystery Creek Fielddays we actively promoted energy efficiency advice to visitors.</p>
Commence roll out for Advanced Metering	<p>Action achieved</p> <p>We have commenced the roll out of Advanced Meters and have installed over 7,000 as at 30 June 2009.</p>
Publish the potential carbon savings of climate change campaigns where practical	<p>Action partially achieved</p> <p>TreePeople – we publish the potential carbon savings of the pledges on www.treepeople.co.nz</p> <p>Loyalty programme – we are investigating the best method to calculate carbon savings from e-billing initiatives.</p> <p>Heat pump campaigns – it has not proved possible to calculate energy efficiency savings from heat pump campaigns as the results would not have been robust due to the number of assumptions required.</p>
Objective 6: To measure and accurately report Genesis Energy's GHG emissions across all areas of its business	
Have non generation greenhouse data verified to an international standard	<p>Target not achieved</p>
Maintain annual reporting of SF6	<p>Target achieved</p> <p>Annual reporting of SF6 completed.</p>
Report all generation emissions in accordance with the proposed NZETS reporting requirements	<p>We continued to progress this target as the government continues to develop reporting requirements.</p>
Review current practices to ensure that our reporting methodology meets the proposed NZETS requirements	<p>We continued to progress these actions</p> <p>Genesis Energy has been actively participating in workshops and consultation run by the Ministry for the Environment covering the participant requirements of the NZETS. This has enabled us to proactively analyse our business operations to ensure that Genesis Energy will be compliant with the NZETS.</p>
Identify the appropriate standard in which to verify our data	<p>We continued to progress this target</p>
Audit generation emissions data in line with the proposed NZETS requirements by March 2010	<p>We continued to progress this target</p> <p>Genesis Energy has been actively participating in workshops and consultation run by the Ministry for the Environment covering the participant requirements of the NZETS. Genesis Energy has been working to ensure that all data required by the NZETS will be auditable to the standards specified.</p>
Develop a policy on supply chain boundaries for generation suppliers in the context of sustainable procurement and reporting	<p>We continued to progress this target</p>
Implement the supply chain policy for non-generation suppliers	<p>We continued to progress this action</p> <p>This will be covered by the new suppliers sustainable purchasing policy currently being progressed.</p>
Identify the boundaries for generation suppliers and develop a policy in the context of sustainable procurement and reporting	<p>We continued to progress this action</p> <p>This work-stream involves challenging our current boundaries for reporting generation emissions.</p>
Objective 7: To develop and constantly improve internal policies and strategies to allow Genesis Energy to effectively respond to external climate change policies and regulations	
Continue to participate in, and contribute to the development of New Zealand's climate change policy	<p>We continued to progress this target</p> <p>We presented to the Emissions Trading Scheme Review Committee. We lodged submissions on draft climate change regulation, and on the proposed National Policy Statement for Renewable Energy.</p>
Ongoing identification and implementation of opportunities to achieve Genesis Energy's objectives relating to climate change – see Objectives 3, 4, 5 and 6	<p>We continued to progress this target</p> <p>Genesis Energy has an ongoing work-stream to identify and implement opportunities to achieve Genesis Energy's objectives relating to climate change. In the future we intend to ensure climate change considerations are integrated into all business decisions. This makes the development of a climate change strategy redundant as it will be part of our mainstream business planning processes.</p>

Our Targets and Actions In 2008/2009 Our Progress In 2008/2009

Objective 8: To ensure that all reasonable steps are taken to manage the potential adverse effects that our activities have on the environment	
Continuously improve our Environmental Management System (EMS) to achieve best practice	We continued to progress this target
EMS kept relevant and up-to-date Recommendations from July 2007 EMS audit implemented where appropriate by December 2008	Actions partially achieved In the last year, Genesis Energy has focused on implementing changes to its EMS to ensure that the role of existing business systems in managing the Company's environmental issues is clearly identified and defined. By doing so, a majority of the gaps identified by the URS recommendations (in the July 2007 EMS audit) which relate to the EMS "Framework" have been addressed. Further action is required to better document the procedures and guidelines associated with the framework which has been developed.
Ongoing EMS audit programme developed by March 2009	Action partially achieved Development of the audit programme has focussed on aligning the review and audit programme with that of other relevant cross-functional business systems. Further action is required to document the other review and audit programmes within the EMS framework and a gap analysis needs to be completed.
Hold all relevant resource consents for activities	Target achieved Huntly – we have applied for new resource consents and variations as required for ongoing maintenance and operation activities at the Huntly Power Station. Tongariro Power Scheme (TPS) and Waikaremoana Power Scheme (WPS) – for further information please see the WPS and TPS Annual Environmental Reports on our website.
Manage resource consents aiming for 100 per cent compliance	We continued to progress this target
Follow up all consent breaches and implement preventative measures for recurrence, where appropriate	Actions achieved There was one RMA event reported as significant to regulatory authorities over the reporting period, relating to an overflow from the Huntly Power Station ash ponds in July 2008. For resource consent compliance, there were no significant breaches at the generation sites over the reporting period, although there were a number of low-level or technical breaches with minor or no adverse effects on the environment. Corrective actions were undertaken to address these events and, where appropriate, consent variations are being sought to resolve areas of technical non-compliance. Regulatory authorities were notified of these events in due course as a matter of good practice.
Objective 9: To include mainstream environmental considerations into the business	
All generation sites to have an environmental performance reporting framework by June 2009	We continued to progress this target
Continue to produce an Annual Environmental Report for Tongariro Power Scheme and Waikaremoana Hydro Scheme	Action achieved The fourth editions of the Waikaremoana Power Scheme and Tongariro Power Scheme Annual Environmental Reports have been released (see the Genesis Energy website).
Develop and implement a revised framework for reporting annual environmental performance and compliance data for Huntly Power Station	We continued to progress this target In progress. Numerous environmental compliance reports provided to regulating councils and made available to stakeholders. Variations to consents are being sought to enable more aligned reporting time frames across multiple consents for the site. This will allow a more integrated environmental reporting framework to be developed.
Objective 10: Engage our communities and stakeholders through regular communication, seeking their feedback on the environmental and community impacts of our activities	
Continue our regular stakeholder and community forums/meetings	We continued to progress this target
Produce regular and relevant newsletters and updates as appropriate for our key stakeholders	Actions achieved Numerous routine meetings with local community and key stakeholders were held throughout the year to communicate key issues and update our stakeholders. No formal newsletters were completed, however, these regular meetings ensured dialogue on a variety of issues. Tongariro Power Scheme (TPS) and Waikaremoana Power Scheme (WPS) – at all renewable asset sites we hold regular formal and informal meetings with stakeholders. For more information please see the TPS and WPS Annual Environmental Reports (available on the Genesis Energy website).
Communicate significant stakeholder issues and Genesis Energy's response	We continued to progress this target Continue to seek feedback from our stakeholders about the way we do business.

Our Targets and Actions In 2008/2009 Our Progress In 2008/2009

Identify appropriate opportunities to engage with stakeholders	<p>Actions achieved</p> <p>Tongariro Power Scheme (TPS) and Waikaremoana Power Scheme (WPS) – at all renewable asset sites we hold regular formal and informal meetings with stakeholders. For more information please see the TPS and WPS Annual Environmental Reports. Please see our website to download these reports.</p> <p>Huntly – achieved through a variety of regular stakeholder meetings where attendees were provided with information on activities and asked for feedback.</p> <p>Other – as required, corporate stakeholders receive an email update on Genesis Energy activities and performance.</p> <p>A stakeholder engagement plan is currently being developed to advance stakeholder engagement beyond environmental and social performance.</p>
Objective 11: To meet Electricity Commission 'Guidelines on Arrangement to Assist Low-Income and Vulnerable Consumers' and to reduce the number of avoidable disconnections for non-payment by vulnerable consumers	
Continue to review and refine our procedures for medically dependent customers	We continued to progress this target
Continue to work with lead agencies and DHBs to improve our response to vulnerable customers	We have participated in workshops and have provided direct feedback and submissions to lead agencies and DHBs.
Objective 12: Provide robust generation solutions	
Maintain the reliability and average availability of our existing generation capacity – 88 per cent availability for hydro and – 88 per cent availability for thermal	<p>Target achieved for hydro – 93.43 per cent</p> <p>Target not achieved for thermal – 85.78 per cent</p> <p>Several of the Huntly Units 1 to 4 experienced various operational issues related to feedwater control, burner management, fuel supply and Huntly Unit 3 experienced a black trip due to an excitation fault. There was a CT failure on Huntly Unit 5.</p>
Objective 13: Safeguard current gas turbine generation investment by consenting a site for importing LNG	
Gain statutory approvals for a LNG importation terminal	No longer relevant
Hold public open days as planned Lodge appropriate applications Continue consultation	Contact Energy and Genesis Energy, the joint venture partners in the Gasbridge proposal, have agreed to delay lodging of resource consent applications for the project. The joint venture partners in Gasbridge believe that the importation of LNG may not be required until mid or late next decade. This gives Gasbridge more time to evaluate and review developments in gas import technologies which have emerged over the last few years.
Objective 14: To retain talented staff and offer development within the organisation	
Staff voluntary turnover of less than or equal to eight per cent	<p>Target achieved</p> <p>The voluntary turnover was 6.32 per cent.</p>
Continue to develop and market the GE Employee Benefits. Review Employee Value Proposition	<p>Actions partially achieved</p> <p>We have also developed and produced a marketing brochure for the Employee Benefits but the Employee Value Proposition was not specifically reviewed during the period.</p>
Review Return on Investment (ROI) pilot with a view to potentially applying to other in-house training programmes	<p>Target achieved</p> <p>A pilot ROI analysis was completed on the Core Business Skills programme.</p>
Objective 15: To have a diverse workforce and meet talent and skill requirements	
10 per cent of workforce are trainees	<p>Target not achieved</p> <p>As at 30 June 2009 we had 6.1 per cent of employees as trainees.</p>
Continue with the national Apprenticeship Programme	<p>Action achieved</p> <p>January 2009 saw the completion of the second intake of apprentices with 18 apprentices (90 per cent of the intake) completing the programme. The 90 per cent success rate saw five electricians, nine mechanical fitters and four plumbers entering the workforce, most finding employment with their host companies. The programme continues in 2009 with 17 apprentices and three administration trainees currently halfway through their programme upon completion of all second year block courses at the end of June 2009. The programme is due to be completed by January 2011.</p>

Our Targets and Actions In 2008/2009 Our Progress In 2008/2009

Objective 16: To have a culture that will support our goal of being an employer of choice	
Implement coaching for senior management	<p>Target and action achieved</p> <p>Coaching has been incorporated as one of several targeted development options available to leaders within the organisation. We have not used this option as an across-the-board approach but on a selective basis. Additionally, participants of our leadership development programme had the opportunity for individual coaching sessions to help with their development planning.</p>
Objective 17: To provide alternative ways of working for attraction, retention and management of changing demographics	
Complete sign-off for Adaptable Working Policy and implement by June 2009 Embed the policy across the organisation	<p>Target and action achieved</p> <p>The Adaptable Working Policy was drafted, consulted and fully embedded by June 2009. The Adaptable Working Policy is fully implemented into the business.</p>
Provide Guidelines for working from alternative or non-Genesis Energy workplace sites	<p>Target and action achieved</p> <p>The Guidelines for working from non-Genesis Energy sites has been completed and is available on the intranet.</p>
Implement ASPIRE leadership framework across the Company by June 2009	<p>Target achieved</p> <p>Actions to help embed the ASPIRE leadership framework included:</p> <ul style="list-style-type: none"> - Incorporating behaviours into the selection and onboarding processes (interview templates and monthly induction) - Integrating behaviours from the framework into the Performance Management process - Running a series of workshops to identify behaviours for inclusion in job descriptions - Targeted use of Lominger 360° feedback - Aligning our leadership programmes with ASPIRE behaviours.
Objective 18: To eliminate or manage hazards and workplace practices that could cause injury or illness to people	
Zero serious harm incidents for the 2008/2009 period	<p>Target not achieved</p> <p>One serious harm incident was reported to the Department of Labour for the period 2008/2009. The injury was a broken finger.</p>
Safety Culture survey of all Production based staff in August to establish a starting point from which to assess effectiveness of behavioural safety-based programme going forward	<p>Action achieved</p> <p>Safety culture survey was completed by Production based staff in August 2008.</p>
Concurrently introducing a task based monitoring programme utilising Occupational Therapists to reduce soft tissue injuries	<p>Action achieved</p> <p>Task based monitoring programme was conducted across all Production sites. An education programme was designed by occupational specialists and rolled out to all Production based staff for 2008/2009.</p>
ZIP to be rolled out to Production staff by June 2009	<p>Target achieved</p> <p>Roll-out of ZIP was completed by June 2009.</p>
Objective 19: Provide information and educate employees on health matters to enable individuals and families to make informed choices surrounding their health	
Wellness programme utilised by 80 per cent of staff	<p>Target achieved</p> <p>Wellness programme utilised by 83 per cent of staff</p>
Continue with exercise and nutrition programmes and employee health monitoring	<p>Action achieved</p> <p>Health based education programmes run across all Company business units incorporating exercise, nutrition and work life balance.</p>
Sick leave less than three per cent (year end 2008)	<p>Target achieved</p> <p>Sick leave year end 2008: 2.9 per cent</p>
Continue with health based education programmes	<p>Action achieved</p> <p>Health based education programmes run across all Company business units incorporating exercise, nutrition and work life balance.</p>
Annual leave eight per cent (year end 2008)	<p>Target achieved</p> <p>Annual leave year end 2008: 9.2 per cent</p>
Actively promote work life balance to keep employees fresh and healthy	<p>Action achieved</p> <p>Health based education programmes run across all Company business units incorporating exercise, nutrition and work life balance.</p>

Global Reporting Initiative Index

The following 10 GRI Performance Indicators form part of the C+ GRI Application Level

Profile disclosure /indicator	Description	Level of disclosure	Location of disclosure (section/article)	Page number	Explanation
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	Full	Financial Highlights/Summary of Financial Highlights 'Open for Business' (Financial statements and notes 2009) Community/Benchmarking our contributions	10 42	Genesis Power Ltd's financial statements have been prepared in accordance with NZ equivalents to International Financial Reporting Standards. NZIFRS is not specifically structured the same as the GRI, but we have included the GRI requirements within the parameters of our summary financial reporting.
EN3	Direct energy consumption by primary energy source.	Full	Chairman and Chief Executive's Report GRI Index	5 73	Our total direct energy consumption of (57.5PJ) captures our generation fuel use (coal and gas) as well as our fleet use (diesel, LPG and gasoline 4992.32GJs).
EN4	Indirect energy consumption by primary source.	Full	Internal Footprint / Energy Efficiency Targets and Actions Report / Objective 4	34-36 67	It is not possible to identify the primary energy source of our purchased electricity due to the nature of electricity distribution in New Zealand. We have estimated primary energy consumption using the "New Zealand Energy Data File June 2008" from the Ministry for Economic Development as: Hydro: 8,342 GJ Geothermal: 7,463 GJ Gas: 7,378 GJ Coal: 2,557 GJ Wind: 332 GJ
EN16	Total direct and indirect greenhouse gas emissions by weight. EUSS: Report emissions intensity by generation type: CO ₂ e per MWh for net generation; CO ₂ e from fossil fuel generation per MWh net fossil fuel generation and estimated net delivery to end users which includes emissions from own generation as well as gross purchased power including line losses.	Full	Production Review/Generation Emissions Profile Internal Footprint/Energy Efficiency Targets and Actions Report Objective 3/Objective 4/Objective 6	20-21 34-36 66-69	Scope 1 and Scope 2 emissions as defined by the WBCSD GHG Protocol are reported on. Genesis Energy reports its generation emissions primarily in the form of generation and non-generation emissions as this is more material for an electricity company. We have not reported on the EUSS indicator requirements of gross purchased power including line losses.
EN23	Total number and volume of significant spills.	Full	Production Review/Resource Consent Compliance for Production	17	
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	Full	Production Review/Resource Consent Compliance for Production	17	There have been no significant fines or non-monetary sanctions for non-compliance with environmental laws and regulations.
LA2	Total number and rate of employee turnover by age group, gender, and region. EUSS: average length of tenure of employees leaving broken down by gender and age group	Full	Our People GRI Index	53 73	Our annual total turnover is 8.62 per cent. We have staff in only one region - the North Island. The turnover rate by age and gender is: Under 25: 30.00 per cent 25-34: 11.34 per cent 35 - 44: 10.19 per cent 45-54: 5.30 per cent 55-64: 2.78 per cent →65: 12.50 per cent Male: 8.01 per cent Female: 10.13 per cent
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region. EUSS: Health and Safety performance of contractors and sub-contractors.	Full	GRI Index	73	This is a very material indicator for Genesis Energy. We currently report using a methodology which benchmarks us against the electricity industry in New Zealand. Using the GRI calculation methodology to benchmark us against other GRI users is outlined below: Injuries/100 employees: 29 Occupational diseases/100 employees: 0 Per cent lost days [Lost days / days scheduled to be worked]: 0.008 per cent Per cent absentee days [Absentee days/days scheduled to be worked]: 2.4 per cent Contractors Injuries/100 employees: 63.72
LA12	Percentage of employees receiving regular performance and career development reviews.	Full	Our People GRI Index	50 73	99 per cent of our staff receive regular performance and career development reviews.
S05	Public policy positions and participation in public policy development and lobbying.	Full	Participation in Public Policy	38-41	

Complete Global Reporting Initiative Index

Profile disclosure /indicator	Description	Level of disclosure	Location of disclosure (section/article)	Page number	Explanation
1.1	Statement from the Chief Executive and Chairman	Full	Chairman and Chief Executive's Report	4-7	
1.2	Description of key impacts, risks and opportunities	Partial	Targets and Actions Report Approach to Sustainability Stakeholder Engagement	66-72 32 78-79	
2.1	Name of reporting organisation	Full	Front Cover		
2.2	Primary brands, products and/or services	Full	Retail Review Retail Review/Energy Online	22-25 24	
2.3	Operational structure of the organisation		About This Report/Boundary 'Open for Business' (Financial statements and notes 2009) Senior Management	64 58	
2.4	Location of the organisation's headquarters	Full	Inside back cover		
2.5	Countries in which the organisation operates	Full	GRI Index	73	The Company operates solely in New Zealand.
2.6	Nature of ownership and legal form	Full	Corporate Governance Statement/Shareholders	60-63	
2.7	Nature of markets served	Full	Retail Review Production Review	22-25 14	
2.8	Scale of the reporting organisation	Full	Our People Financial Highlights Chairman and Chief Executive's Report	53 10 4	We have 520 permanent employees with an additional 52 on fixed term contracts.
2.9	Significant changes in size, structure or ownership	Full	Chairman and Chief Executive's Report Generation and Fuels Development/Fuels Development/Other exploration licences	4 30	
2.10	Awards received in the reporting period	Full	GRI Index	73	We received the 2009 Prime Ministers Social Heroes Award for Health from the Robin Hood Foundation for GOT. We also received a Silver Award from the Australasian Reporting Awards for our 2008 Annual Report.
3.1	Reporting period	Full	About This Report/Reporting Period, Accuracy and Completeness	64	
3.2	Date of most recent previous report (if any)	Full	About This Report/Identifying Materiality Content	64	
3.3	Reporting cycle (annual, biennial etc)	Full	About This Report/Identifying Materiality Content	64	
3.4	Contact point for questions regarding the report or its content	Full	Inside back cover		
3.5	Process for defining report content	Full	About This Report/Identifying Materiality Content Stakeholder Engagement	64 78-79	
3.6	Boundary of the report	Full	About This Report/Boundary of the Report	64	
3.7	Specific limitations on the scope or boundary of the report	Full	About This Report/Boundary of the Report	64	
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations and other entities	Full	About This Report/Boundary of the Report	64	
3.9	Data measurement techniques and the basis of calculation	Full	Throughout the report where material data is reported		Divergence from GRI Indicator Protocols is also covered in the GRI Index.
3.10	Explanation of the effect of any restatements	Full	Production/Emissions Internal Footprint	20 36	
3.11	Significant scope, boundary or measurement changes	Full	About This Report/Boundary of the Report Throughout the report where material data calculations have been made	64	
3.12	GRI Index table	Full	GRI Index	73	
3.13	External assurance policy and practice		About This Report/External Assurance	64	
4.1	Governance structure of the organisation	Full	Corporate Governance Statement/Role of the Board of Directors Corporate Governance Statement/Board Committees	60 61	
4.2	Indicate whether the Chair of the highest governance body is also an executive officer	Full	Corporate Governance Statement/Board Membership	60	
4.3	Independence of the Executive Board	Full	Corporate Governance Statement/Board Membership	60	
4.4	Mechanisms to provide recommendations to the Board	Full	Corporate Governance Statement/Role of the Board of Directors Corporate Governance Statement/Audit Committee Corporate Governance Statement	60 61 63	
4.5	Linkage between performance and compensation	Full	Corporate Governance Statement/Performance Based Remuneration	63	
4.6	Avoiding conflict of interest	Full	Corporate Governance Statement/Conflicts of Interest	63	
4.7	Processes for determining the qualifications and expertise of the members of the Board	Full	Corporate Governance Statement/Composition of the Board	60	
4.8	Corporate missions and values	No disclosure			

Profile disclosure /indicator	Description	Level of disclosure	Location of disclosure (section/article)	Page number	Explanation
4.9	Board-level processes for identifying and managing risks and opportunities	Full	Corporate Governance Statement/Risk Management	62	
4.10	Processes for evaluating the Board's own performance	Full	Corporate Governance Statement/Board Self Review	63	
4.11	How the precautionary principle is addressed	No disclosure			
4.12	External charters	Full	GRI Index	73	We do not subscribe to any charters as there aren't any that are considered to be material to our business scale and purpose.
4.13	Memberships in associations	Full	Targets and Actions Report/Objective 3 GRI Index	66 73	We are members of Aotearoa Wind And Tidal Energy Association, CO ₂ CRC (Australian Cooperative Research Centre on Greenhouse Gases) and the New Zealand Carbon Capture and Storage Steering Group, NZ Business, NZ Major Companies Group; Business NZ Sustainability Forum; Land and Water Forum.
4.14	List of stakeholder groups engaged by the organisation	Full	Stakeholder Engagement	78-79	
4.15	Identification and selection of stakeholders	Full	Stakeholder Engagement	78-79	
4.16	Approaches to stakeholder engagement	Full	Targets and Actions Report/Objective 10 Stakeholder Engagement	70 78-79	
4.17	Key topics and concerns from stakeholder engagement and responses	Full	Stakeholder Engagement	78-79	
EU1	Installed capacity (MW), broken down by energy source and by country or regulatory regime	Full	Physical Assets	80	
EU2	Net energy broken down by primary energy source and by regulatory regime	Partial	Chairman and Chief Executive's Report	4	Total GWs for thermal, wind and hydro are reported. Thermal is not broken down into gas and coal however.
EU7	Demand side management programmes including residential, commercial, institutional and industrial programmes	Partial	Retail Review	22-25	
EU8	Research and development activity and expenditure aimed at providing reliable electricity and promoting sustainable development	Partial	Generation and Fuels Development	28	
Economic Indicators					
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	Full	Financial Highlights/Summary of Financial Highlights "Open for Business" (Financial statements and notes 2009) Community/Benchmarking our contributions	10 42	Genesis Power Ltd's financial statements have been prepared in accordance with New Zealand equivalent to International Financial Reporting Standards. While this is not specifically structured as the GRI we have included the GRI requirements within the parameters of our financial reporting.
EC2	Financial implications and other risks and opportunities for the organisation's activities due to climate change.	Partial	Participation in Public Policy/Emissions Trading Scheme Chairman and Chief Executive's Report	38 4-7	
EC4	Significant financial assistance received from government.	Full	Community/Power to the Next Generation	45	
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	Partial	GRI Index	73	It is our practice to source locally wherever possible.
EC7	Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation.	Partial	GRI Index	73	A procedure is in place, however priority is internal placement, with the theme expanded to local community. It is not always possible to source expertise from local communities.
EU10	Planned capacity (MW) against projected demand over the long-term, broken down by energy source and country or regulatory regime.	Partial	Generation and Fuels Development	28	
Environmental Indicators					
	Environmental Disclosure on Management Approach. EUSS: Collaborative approaches to managing watersheds for multiple purposes.	Partial	Production Review/Our Approach to Environmental Management Participation in Public Policy/Water policy	16-17 41	Note that there is no evidence of PCB waste at Huntly Power Station or the Tongariro Power Scheme.
EN1	Materials used by weight or volume.	Partial	Internal Footprint/Sustainable Procurement	37	Paper is a material that we use in our business. We have not reported on process materials associated with power generation this year. We will consider whether this information is material to report on in future reports.
EN2	Percentage of materials used that are recycled input materials.	Partial	Internal Footprint/Sustainable Procurement	37	
EN3	Direct energy consumption by primary energy source.	Full	Chairman and Chief Executive's Report GRI Index	4 73	Our total direct energy consumption of [57865031.33GJ] captures our generation fuel use (coal and gas) as well as our fleet use (diesel, LPG and gasoline - 4992.32 GJ).
EN4	Indirect energy consumption by primary source	Full	Internal Footprint/Energy Efficiency Targets and Actions Report/Objective 4	34-36 67	"It is not possible to identify the primary energy source of our purchased electricity due to the nature of electricity distribution in New Zealand. We have estimated primary energy consumption using the "New Zealand Energy Data File June 2008" from the Ministry for Economic Development as: Hydro: 8,342 GJ Geothermal: 7,463 GJ Gas: 7,378 GJ Coal: 2,557 GJ Wind: 332 GJ

Profile disclosure /indicator	Description	Level of disclosure	Location of disclosure (section/article)	Page number	Explanation
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	Partial	Targets and Actions Report/Objective 5	68	Given the information we currently have available it is not possible to identify with sufficient confidence where carbon savings have been made as a direct result of our initiatives or have occurred as a result of other factors.
EN7	Initiatives to reduce indirect energy consumption and reductions achieved	Partial	Targets and Actions Report/Objective 4	67	We have identified energy reduction from individual projects where possible but not total energy reduction as a result of all initiatives.
EN8	Total water withdrawal by source. EUSS: Report water used for processing, cooling and consumption in a thermal power plant including use of water for ash handling.	Partial	Huntly Power Station – Genesis Energy website		
EN9	Water sources significantly affected by withdrawal of water.	Full	TPS and WPS Annual Environmental Reports – these can be found at www.genesisenergy.co.nz		Genesis Energy does not significantly affect the Waikato River from which it withdraws water. Water sources affected by the diversion of water for the Tongariro Power Scheme and the Waikaremoana Power Scheme are identified in the TPS and WPS annual environmental reports which can be found on our website.
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	Full	TPS and WPS Annual Environmental Reports		
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	Full	TPS and WPS Annual Environmental Reports		NA for Huntly as there are no defined protected areas or areas of high biodiversity surrounding the Huntly Power Station.
EN13	Biodiversity: Habitats protected or restored	Full	Huntly Power Station – Genesis Energy website TPS and WPS Annual Environmental Reports		
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity	Full	TPS and WPS Annual Environmental Reports		Huntly Power Station has extensive monitoring programmes in accordance and as required by resource consent conditions.
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	Partial	TPS and WPS Annual Environmental Reports		NA for Huntly.
EN16	Total direct and indirect greenhouse gas emissions by weight. EUSS: Report emissions intensity by generation type: CO ₂ e per MWh for net generation; CO ₂ e from fossil fuel generation per MWh net fossil fuel generation and estimated net delivery to end users which includes emissions from own generation as well as gross purchased power including line losses.	Full	Production Review/Generation Emissions Profile Internal Footprint/Energy Efficiency Targets and Actions Report Objective 3/Objective 4/Objective 6	20-21 34-36 66-69	Scope 1 and Scope 2 emissions as defined by the WBCSD GHG Protocol are reported on, however Genesis Energy reports its generation emissions primarily in the form of generation and non-generation emissions as this is more material for an electricity company. We have not reported on the EUSS indicator requirements of gross purchased power including line losses.
EN17	Other relevant indirect greenhouse gas emissions by weight	Full	Internal Footprint	34	
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	Partial	Targets and Actions Report/Objective 3 Production Review/Project Update Internal Footprint/Energy Efficiency	66 14-16 34-36	It is not possible to identify with any level of confidence where carbon savings have been made as a direct result of our initiatives or other factors.
EN20	NO _x , SO _x , and other significant air emissions by type and weight	Full	Huntly Power Station – Genesis Energy website		
EN21	Total water discharge by quality and destination.	Partial	Huntly Power Station – Genesis Energy website		The website will disclose water quality parameters however total water volume is not available.
EN22	Total weight of waste by type and disposal method.	Partial	Genesis Energy website		
EN23	Total number and volume of significant spills.	Full	Production Review/Resource Consent Compliance for Production	17	
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	Full	Production Review/Resource Consent Compliance for Production Community/Power to the Next Generation	17 45	
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	Full	Production Review/Resource Consent Compliance for Production	17	There have been no significant fines or non-monetary sanctions for non-compliance with environmental laws and regulations.
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organisation's operations, and transporting members of the workforce	Partial	Refer EN17 for fleet and mileage emissions		We do not currently track transport of materials.
Labour Indicators					
	Disclosure on Management Approach	Partial	Our People	50	
LA1	Total workforce by employment type, employment contract, and region. EUSS: total contractor workforce by employment type, employment contract and region	Partial	Our People	53	
LA2	Total number and rate of employee turnover by age group, gender, and region. EUSS: average length of tenure of employees leaving broken down by gender and age group	Full	Our People/Employee turnover by age, gender and length of service GRI Index		Our annual total turnover is 8.62%. We have staff in only one region - the North Island.
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programmes.	Full	GRI Index	73	100% of the workforce is represented on formal joint management-worker health and safety committees.

Profile disclosure /indicator	Description	Level of disclosure	Location of disclosure (section/article)	Page number	Explanation
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region. EUSS : health and safety performance of contractors and sub-contractors.	Full	GRI Index	73	This is a very material indicator for Genesis Energy. We currently report on using a methodology which benchmarks us against the electricity industry in New Zealand. Using the GRI calculation methodology to benchmark us against other GRI users is outlined below: Injuries/100 employees: 29 Occupational diseases/100 employees: 0 Per cent lost days (Lost days/days scheduled to be worked): 0.008 per cent Per cent absentee days (Absentee days/days scheduled to be worked): 2.4 per cent Contractors Injuries/100 employees: 63.72
LA10	Average hours of training per year per employee by employee category.	Partial	Our People/National Apprenticeship Programme Targets and Actions Report/Objective 14	52 71	Return on Investment for training spend is the material information related to this indicator. Also percentage of staff who are trainees is material to Genesis Energy with its ageing workforce.
LA11	Programmes for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	Partial	GRI Index	73	Provision of one-on-one counselling for any staff made redundant is available.
LA12	Percentage of employees receiving regular performance and career development reviews.	Full	GRI Index	73	99 per cent
EU14	Programmes and processes to ensure availability of skilled workforce.	Partial	Our People/National Apprenticeship Programme	52	
Human Rights Indicators					
	HR Disclosure on Management Approach				Not material: Human Rights are well covered in New Zealand legislation and we are fully compliant with the legislation. We have comprehensive management policies and monitoring systems covering all aspects of EEO, good employer and ethical responsibilities.
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	Partial	GRI Index	73	We source some of our coal from overseas. Human rights issues not fully investigated.
Society Indicators					
S01	Nature, scope and effectiveness of any programmes and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting. EUSS: include issues specific to electric utilities sector.	Partial	Stakeholder Engagement Community TPS and WPS Annual Environmental Report	78-79 42-47	
S05	Public policy positions and participation in public policy development and lobbying.	Full	Participation in Public Policy	38-41	
S07	Total number of legal actions for anticompetitive behaviour, anti-trust, and monopoly practices and their outcomes.	Full			No actions were taken in the reporting period.
S08	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	Partial	Production Review/Resource Consent Compliance for Production	17	No significant fines.
EU19	Stakeholder participation in the decision making process related to energy planning and infrastructure development	Partial	Stakeholder Engagement TPS and WPS Annual Environmental Reports	78-79	
EU22	Number of people physically or economically displaced and compensation, broken down by type of project.	Full			No people were physically or economically displaced by Genesis Energy during the reporting year.
Product Responsibility Indicators					
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures. EUSS: transmission, distribution and use.	Partial	GRI Index	73	Comprehensive health and safety procedures are in place covering the entire business from new generation development to existing plant operation. However, we have no control over distribution to end use.
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	Partial	'Open for Business' -Financial statements and notes		Our key measure of customer satisfaction is disclosed.
EU25	Number of injuries and fatalities to the public involving company assets, including legal judgements, settlement and pending legal cases of diseases.	Full	GRI Index	73	There have been zero injuries and fatalities to the public
EU30	Average plant availability factor by energy source and by country or regulatory regime	Full	Targets and Actions Report/Objective 12	71	
Indicators which are not applicable to Genesis Energy this year		EU4,EU5, EU9, EU12, EN24, EN25, EN27, HR1, HR3, HR5-HR8, S02-S04, S06, EU26 (refer to www.globalreporting.org)			
Indicators which were not considered material this year		EC3, EC5, EN10, LA3- LA5, LA9, LA13, LA14, HR9, PR2 - PR4, PR6-PR7			
No disclosure - we will investigate whether these indicators should be reported on in future years reports		EU3, EU6, EC8, EC9, EU11, EN5, EN19, EN30, LA8, EU15-EU18, HR4, EU21, PR8-PR9, EU26-EU27			

Our Business' Key Stakeholder Relationships

Genesis Energy's many diverse stakeholders are key to the successful generation and delivery of energy to homes, businesses and industry throughout New Zealand. It is crucial that we engage with our stakeholders in an effective dialogue and develop relationships built on mutual respect and a desire to find balanced outcomes.

We seek to be open and transparent with our stakeholders and acknowledge that in some instances the impact of our operations cannot be mitigated. We identify our stakeholders as any group which has an interest or concern relating to Genesis Energy. We operate an open door policy at Genesis Energy and do not seek to exclude any stakeholder groups from our engagement processes.

Genesis Energy has a range of formal and informal stakeholder relationships that enable the Company to identify and assess stakeholder needs and concerns. Stakeholder relationships and stakeholder key concerns and interests are illustrated in the diagram opposite. Further details on how we respond to stakeholder interests and concerns and the mechanisms we use to engage with them are set out below.

Stakeholder Group	How we engage	How we respond to stakeholder concerns
Generation Communities	<ul style="list-style-type: none"> Community meetings on topics of interest. Audits and surveys. Newsletters and reporting 	<ul style="list-style-type: none"> Targeting 100 per cent resource consent compliance. Environmental Management Systems. Implementation of a sustainable business model. Policy of hiring locally. Independent audit of stakeholder relationships.
Tangata Whenua	<ul style="list-style-type: none"> Regular formal and informal meetings. 	<ul style="list-style-type: none"> Acknowledge that tangata whenua have concerns about how the power schemes were developed. Acknowledge that ongoing activities impact on tangata whenua values. Third-party agreements. Respect role of tangata whenua as kaitiaki of the natural resources and taonga within their rohe. Policy of hiring locally. Independent audit of stakeholder relationships.
Customers	<ul style="list-style-type: none"> Surveys. Customer newsletter. Call centre team. 	<ul style="list-style-type: none"> Committed to following Electricity Commission's disconnection guidelines. Tools and advice for energy efficiency and carbon footprint reduction. Continuous improvement of customer service.
Employees	<ul style="list-style-type: none"> Regular meetings/briefings. Surveys. Staff newsletter. Intranet. 	<ul style="list-style-type: none"> Implementation of a sustainable business model. Staff benefits. Continuous improvement of Wellness programme. Commitment to health, safety and disability management.
Non-government Organisations	<ul style="list-style-type: none"> Meetings on topics of interest. Partnerships and funding for community projects. Membership of organisations. 	<ul style="list-style-type: none"> Business strategy with a commitment to reduce carbon intensity of business. Resource consent agreements. Implementation of a sustainable business model.
Government Stakeholder and Shareholders	<ul style="list-style-type: none"> Briefings with Ministers and officials. Policy submissions. Contribution to policy development. Participation in working groups, conferences and meetings. 	<ul style="list-style-type: none"> Business strategy with a commitment to reduce carbon intensity of business. Implementation of a sustainable business model. Policy submissions. Commitment to following government guidelines on disconnection and vulnerable customers.
Electricity Sector	<ul style="list-style-type: none"> Submissions on electricity sector policy. Participation in utility forums. 	<ul style="list-style-type: none"> Policy submissions. Participation in working groups, conferences and forums of mutual interest.
Suppliers and Contractors	<ul style="list-style-type: none"> Contractual arrangements. Procurement policy. 	<ul style="list-style-type: none"> Sustainable procurement policy.
Civil Society	<ul style="list-style-type: none"> Media releases. Public meetings. Direct mail communications. Advertising. 	<ul style="list-style-type: none"> Business strategy with a commitment to reduce carbon intensity of business. Implementation of a sustainable business model.
Future Generations	n/a	<ul style="list-style-type: none"> Long-term business strategy response to climate change.



Physical Assets

Thermal



Huntly Power Station

With an output of 1,448MW, Huntly is New Zealand's largest power station. It has four separate generating units of 250MW utilising conventional boiler and steam turbine technology. Each unit can burn coal, gas or a mixture of the two. Unit 5 is a 400MW Mitsubishi 701F combined cycle gas turbine. Unit 6 is a 48MW open cycle gas turbine. Annual generation output at Huntly is typically between 5,000 and 7,000GWh.

YEARS COMMISSIONED:	1981	2004	2007
GENERATION UNITS:	4x 250MW	1x 48MW	1x 400MW
TOTAL CAPACITY:	1,448MW		
FUEL:	Coal and gas		

Wind



Hau Nui Wind Farm

Harnessing the strong and consistent winds of the South Wairarapa Coast, the wind farm is aptly named Hau Nui, or 'strong wind' in Maori. Hau Nui's 15 wind turbines provide enough power for around 4,200 homes in the district. Its annual generation output is between 20 and 25GWh. Hau Nui has excellent availability, recording 48 per cent capacity factor since commissioning.

YEARS COMMISSIONED:	Stage 1: 1996	Stage 2: 2004
TOTAL CAPACITY:	8.65MW	

Gas



Kupe Gas and Oil Project

Genesis Energy owns 31 per cent of the proven oil and gas field of Kupe, located 30km offshore of South Taranaki. Sales gas is expected by late 2009.

Cardiff Deep Gas Prospect

Genesis Energy holds a 55 per cent interest in respect of the deep petroleum rights in Petroleum Exploration Permit 38738 and Petroleum Mining Permit 38156.

Mangatoa Gas Prospect

Genesis Energy holds a 100 per cent interest in respect of the petroleum rights in Petroleum Exploration Permit 381204.

Hydro



Tongariro Power Scheme

The Tongariro Power Scheme gathers water from the mountains of the central volcanic plateau in the North Island. The water passes through three power stations before entering Lake Taupo. The scheme has a catchment area of over 2,600 sq km and uses a series of lakes, canals, dams, and tunnels to bring water to the stations that typically generate 1,300GWh per annum.

YEARS COMMISSIONED:	1973	1983	2008
GENERATION UNITS:	Tokaanu 4x 60MW	Rangipo 2x 60MW	Mangaio 1x 2MW
TOTAL CAPACITY:	362MW		

Waikaremoana Hydro Scheme

The Waikaremoana Hydro Scheme includes the Tuai (60MW), Piripaua (42MW) and Kaitawa (36MW) hydro stations. Annual generation output is between 400 and 500GWh. The Waikaremoana storage reservoir was created by an historic landslide that closed off the valley and provided the opportunity to implement flood control while creating the characteristics for a high-head hydro scheme.

YEARS COMMISSIONED:	1929	1943	1947/1978
GENERATION UNITS:	Tuai 3x 20MW	Piripaua 2x 21MW	Kaitawa 2x 18MW
TOTAL CAPACITY:	138MW		

Kourarau Hydro Scheme

This scheme in the Wairarapa hills consists of two small power stations with a total generation capacity of 0.9MW. Its annual output is between 2 and 2.4GWh. Each station is fed by a small artificial reservoir that was formed by the damming of the Kourarau Stream.

YEAR COMMISSIONED:	1925
TOTAL CAPACITY:	0.9MW



Directory

Board of Directors

Chairman

Brian Corban, CNZM, QSO

Directors

Joanna Perry (Deputy Chair)

Annabel Cotton

Ian Kusabs

Nicki Crauford

Barbara Elliston

Sara Lunam

Denis Wood

Graeme Milne

Executive Management Team

Chief Executive

Albert Brantley

General Counsel and Company Secretary

Maureen Shaddick

GM Finance

Mark Anderson

GM Retail

Dean Carroll

GM Production

Bob Weir

GM Corporate Affairs

Malcolm Alexander

GM Generation Development

Richard Pearce

GM Corporate Services

Peggy Molyneux

GM Fuel Development

Allan Melhuish

GM Energy Online

Nic McCondach

Address of Office

Corporate Office

602 Great South Road

PO Box 17188

Greenlane 1546

Auckland

Telephone: +64 9 580 2094

Facsimile: +64 9 580 4894

www.genesisenergy.co.nz

Auditor

Bruce Taylor of Deloitte has been appointed to perform the audit on behalf of the Auditor-General.

Banker

Westpac

Assuror


Deloitte

Solicitor

Russell McVeagh

For further information email: feedback@genesisenergy.co.nz

GRI Application Level

		2002 in accordance	C	C+	B	B+	A	A+
mandatory	Self Declared			report externally assured		report externally assured		report externally assured
	Third Party Checked			 report externally assured		report externally assured		report externally assured
optional	GRI Checked			report		report		report

Design by designworks and portrait photography by Blackbox.

Printed in New Zealand on Environmentally Responsible Novatech which has EMAS, ISO14001, and FSC certifications and is Elemental Chlorine Free.

} *“Talk again soon...”* {