Energy Federation

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  - contract arrangements
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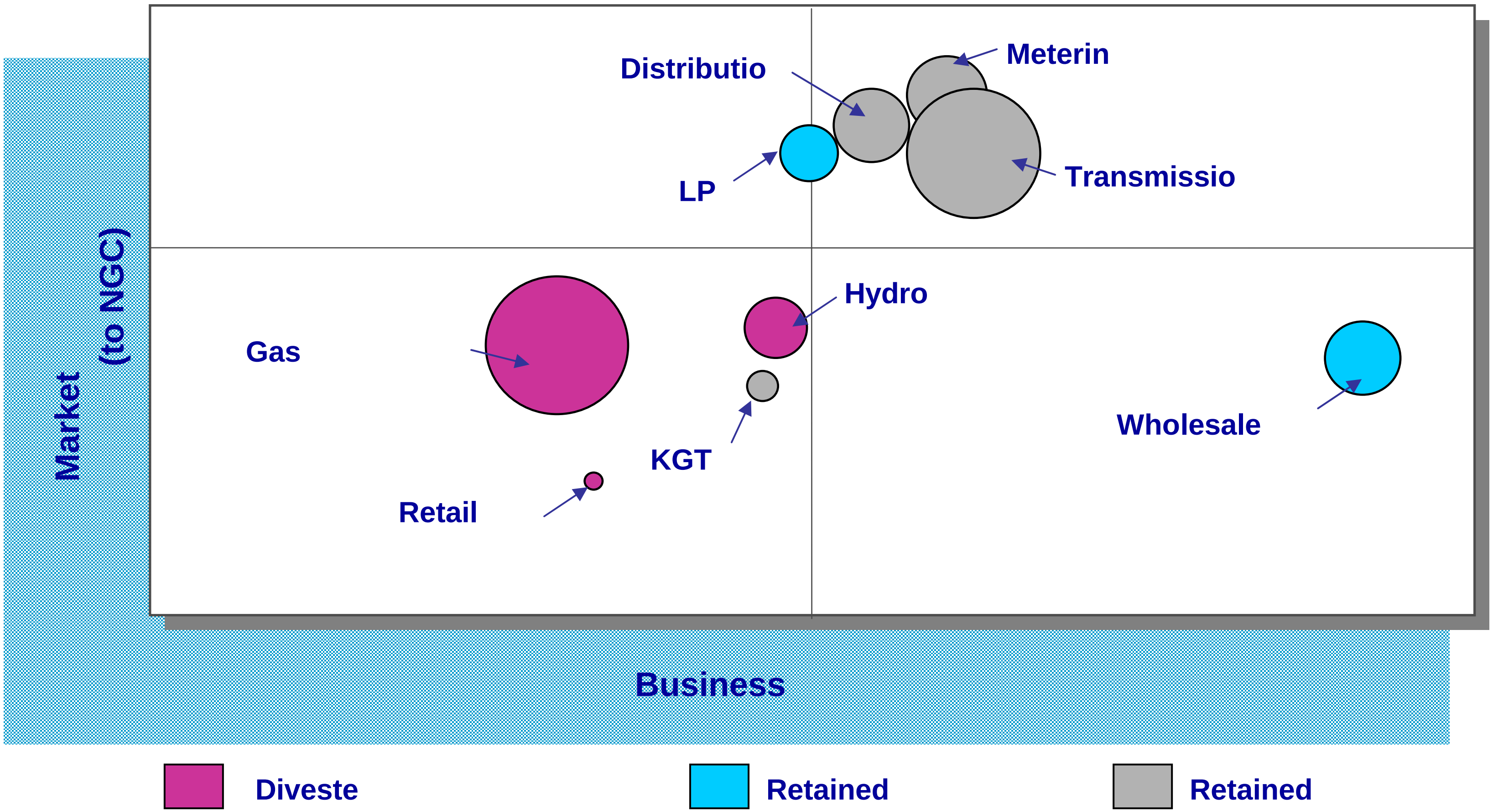
  - attracting exploration investment
  - regulatory regime
  - market stability
  - resource ownership

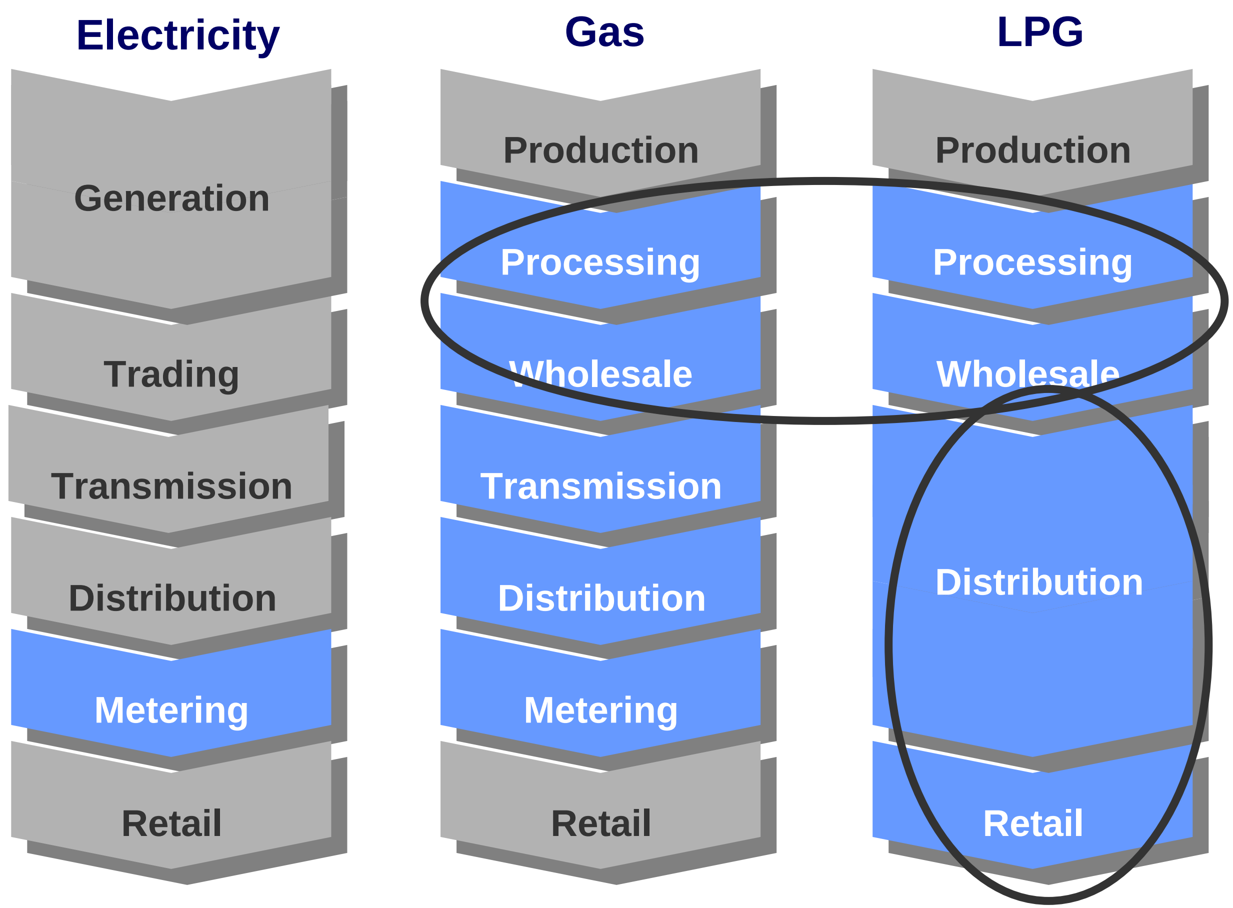
“NGC’s strategy was to be NZ’s largest integrated energy business…”

“We divested businesses that did not fit future positioning strategy…” strategy…”



"…creating a simplified, more focused business model…"

"NGC retains key market positions in Energy Sales, Energy Metering and Gas Transportation. While some conflicts remain, the potential synergies outweigh them"



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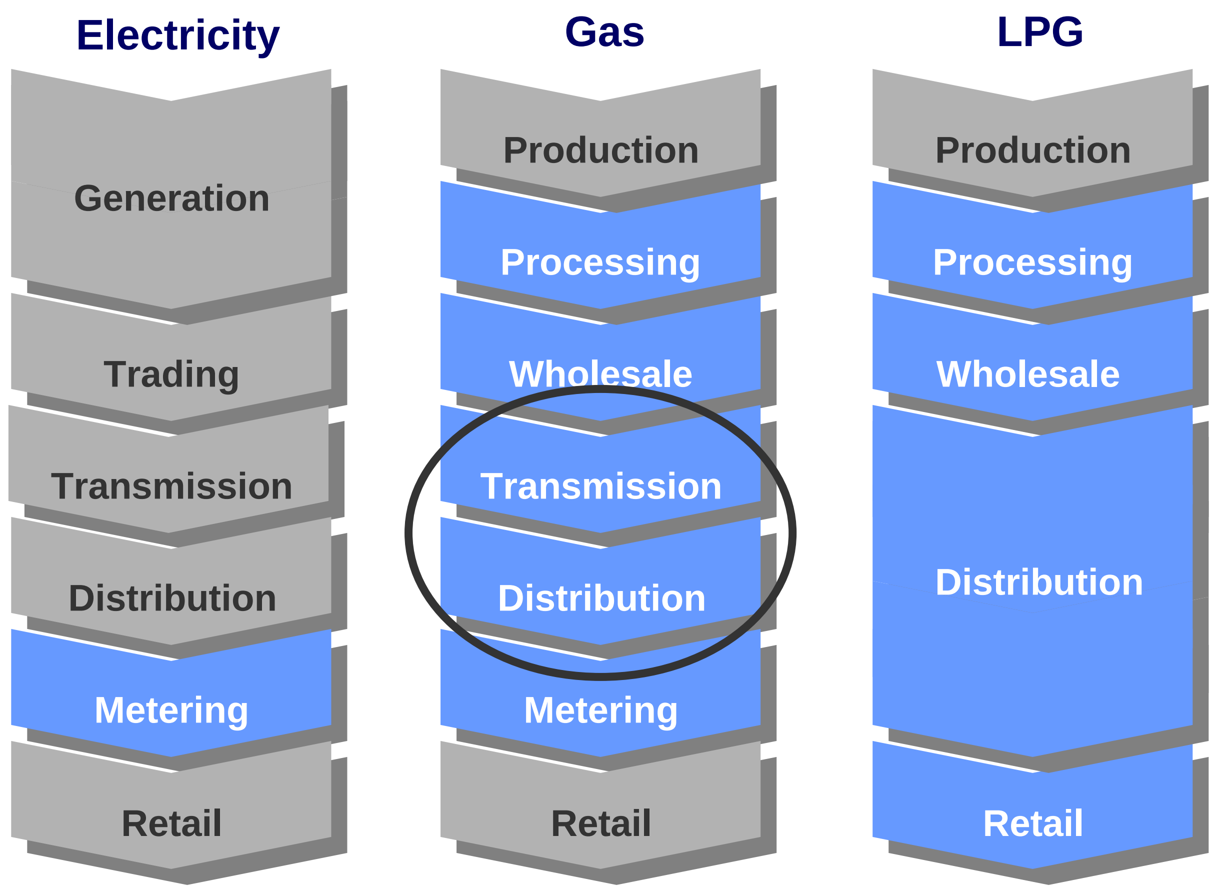

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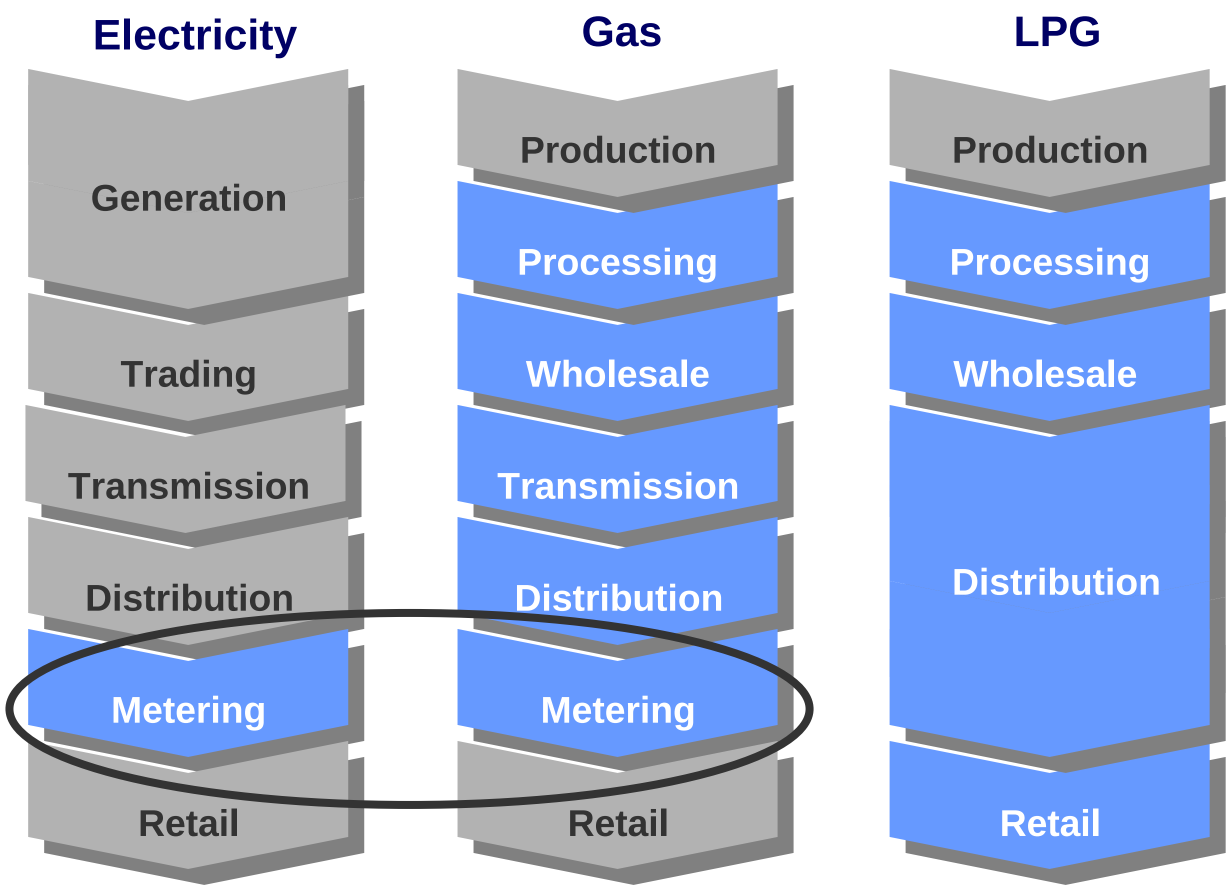


"NGC operates one of NZ's leading leading gas businesses…"

Sourcing	Processing	Wholesale Sales	Industrial Sales
			
– Maui & Kapuni contracts – New sources	– Kapuni Gas Treatment Plant	– Gas Retailers – Electricity Generators – Petrochemical Plants	– 110 other major customers – Over 500 customer sites

"and one of NZ's leading LPG businesses…"

Sourcing

- 60.25% ownership of Liquigas
- Kapuni contract
- New sources

Processing

- Kapuni Gas Treatment Plant

Wholesale Sales

- Liquigas domestic and export tolling and sales, NI & SI storage and transportation

“with integrated LPG distribution distribution and sales…”

Distribution

- primary (bulk) transportation (Liquigas)
- secondary (consumer) transportation
- cylinder management (filling & distribution)

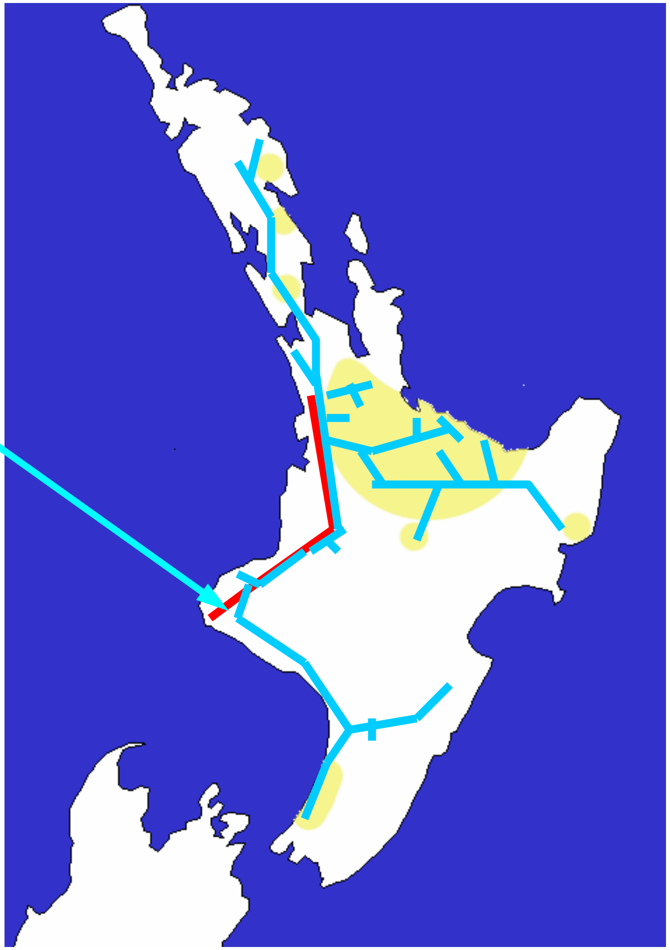
Sales

- On gas brand
- industrial, commercial, and residential customers NI & SI
- 190 BP service stations
- sales of 40,000 tonnes pa

“North Island footprint for transportation business…”

*

Kapuni Gas Treatment Plant



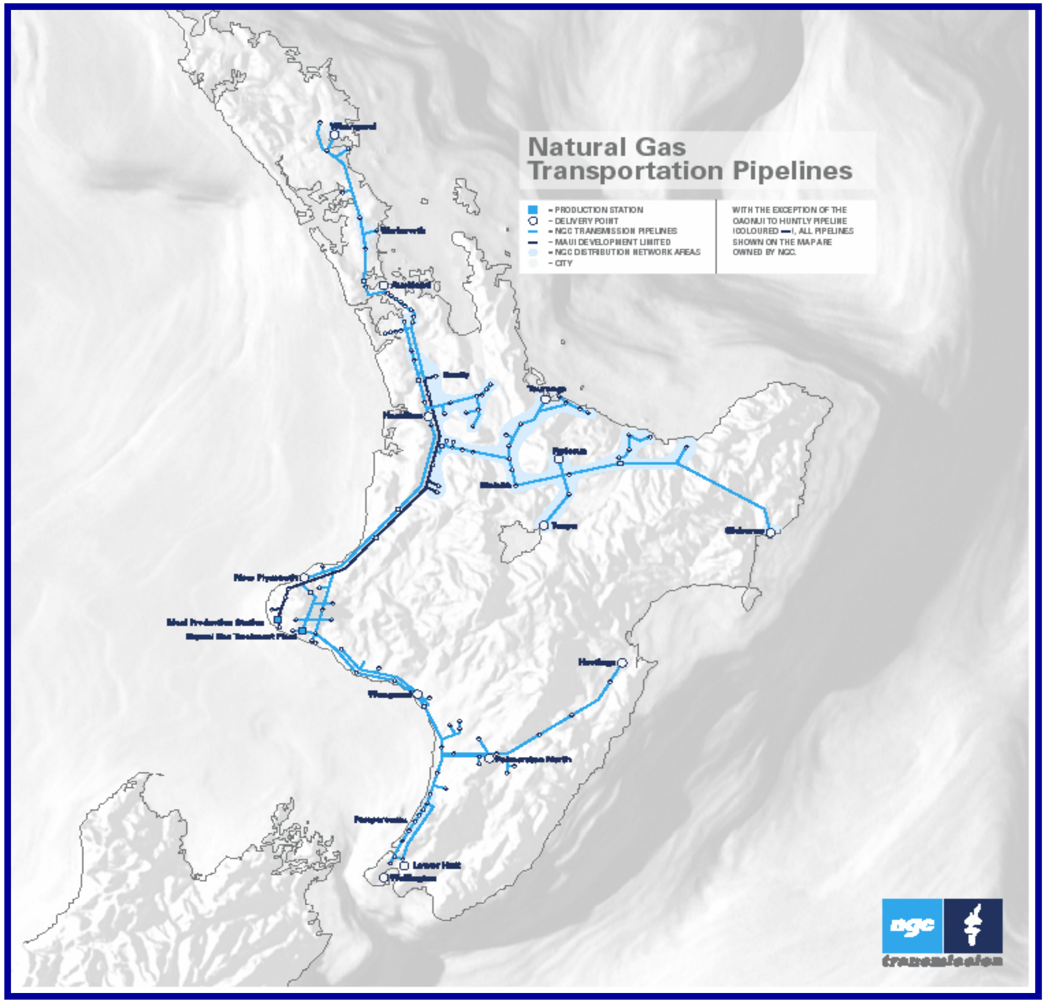
NGC Transmission Pipelines

Maui Pipeline Transmission Pipeline (operated by NGC)

NGC Distribution Networks

“Gas transmission system essentially mature…”

- **2,300km high pressure pipelines (NGC)**
- **provides non-discriminatory open access**
- **over 90 PJ pa of energy delivered over last two years**
- **key sectors include generation, forestry, dairy, horticulture, commercial & residential**
- **system services all major regions of the North Island**



“Distribution networks continue to expand…”

- **2,731km of network pipelines (NGC)**
- **60km of new mains laid in 2002/03**
- **over 55,000 connections**
- **10 PJ p.a. gas delivered over last two years**

“NGC owns and operates a strategic asset in KGTP…”

- **plant commissioned in 1970**
- **produces 9 PJ pa of market specification gas**
- **40,000 tonnes of LPG and 20,000 tonnes of liquid CO2**
- **$14 million plant expansion in 2003 increases gas and LPG production**
- **Kapuni field expected to produce beyond 2013**
- **able to process other gas sources**

"NGC is NZ's largest independent metering company…"

- **lease TOU and simple meters to retailers**
- **data collection and**
  in New Zealand and Australia
- **55,000 gas meters and over 800,000 electricity meters**

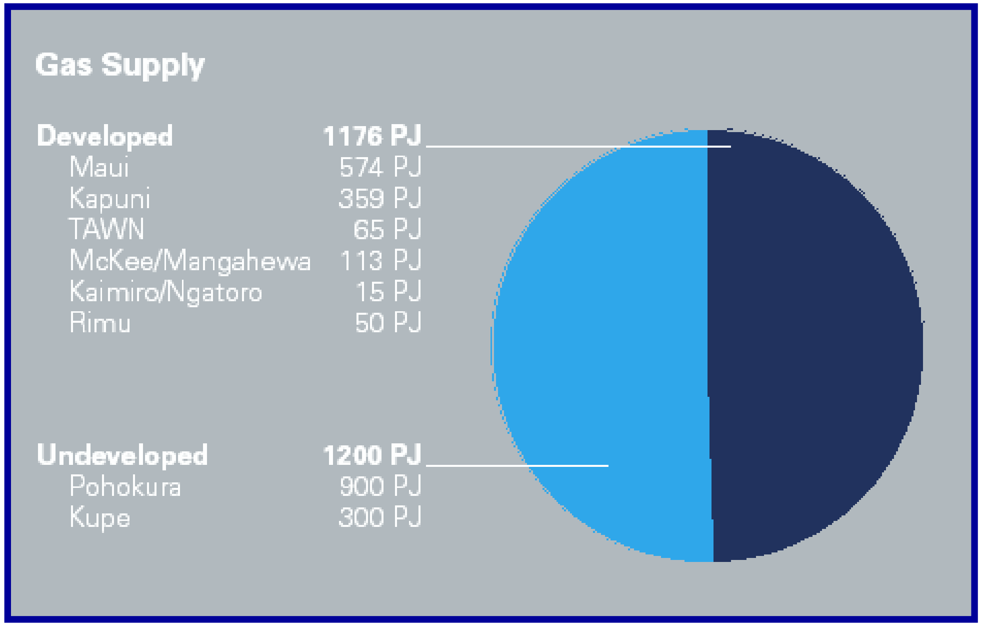
the market today

“The gas industry in NZ is dynamic and has significant scale…”

- currently contributes a third of primary energy supply
- total gas market of 230 PJ p.a.
- Over 230,000 users
- little direct regulatory control, but significant indirect government influence influence

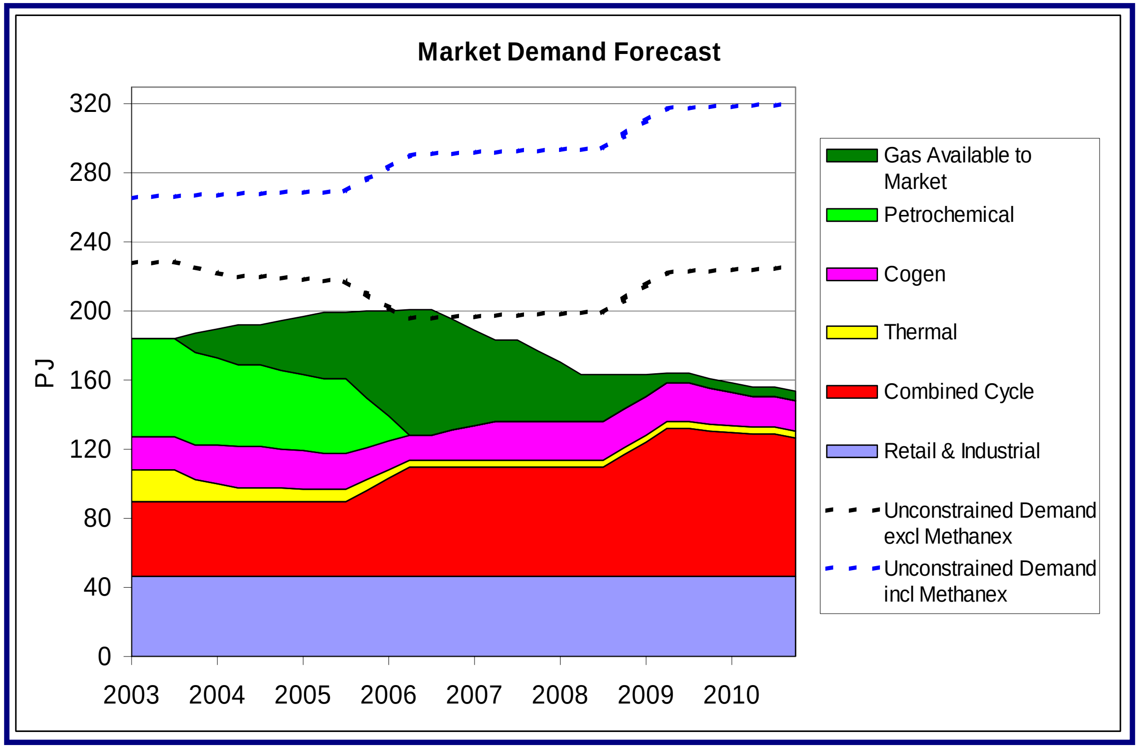
"The gas supply issue is deliverability, not reserves…"

- **gas market is evolving to a post-Maui supply era – volume & price**
- **reserves ownership consolidation**
- **supply contracts need review**



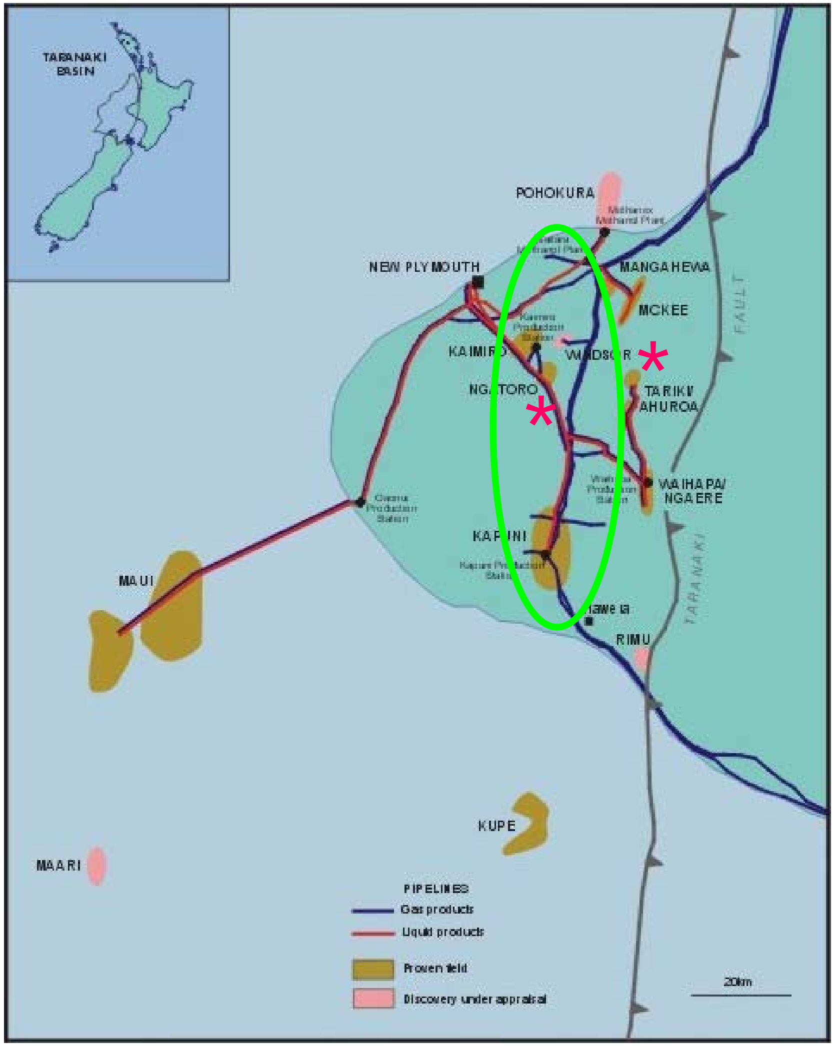
"unsatisfied demand is likely, but manageable…"

- sustainable supply likely to settle at 130-170 PJ from 2006
- deliverability tight in 2005-2007
- assumption that retail/industrial market needs satisfied first
- black line: unsatisfied generation demand to be met by other forms of primary energy
- blue line: unsatisfied petrochemical demand



"NGC is helping to harness gas resources from smaller fields…"

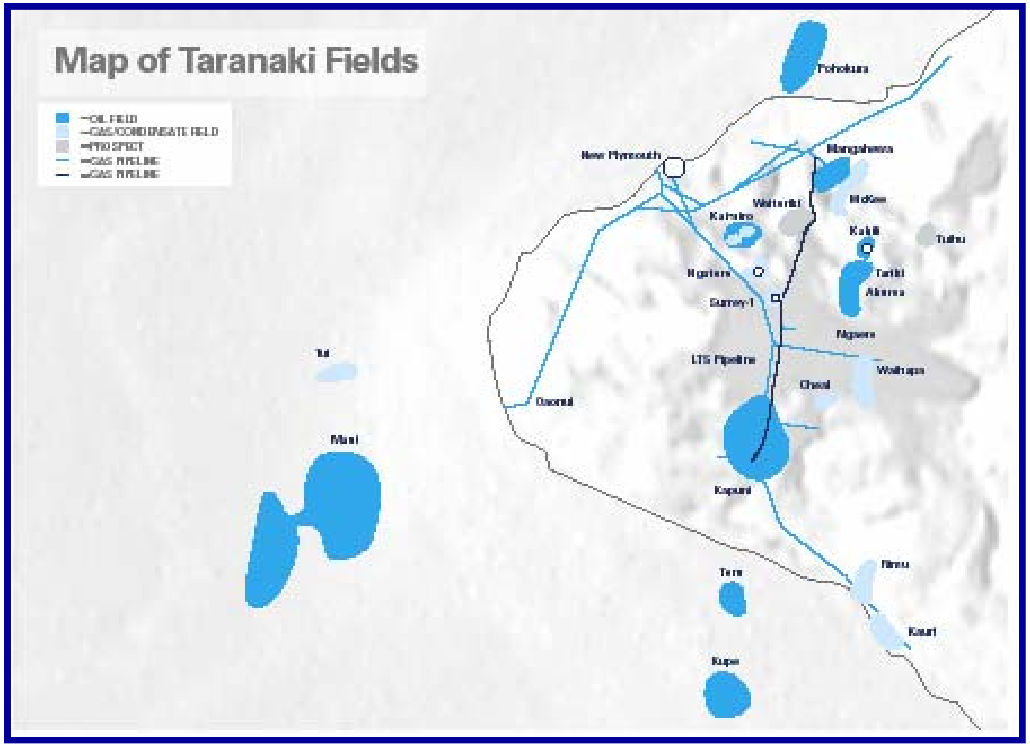
- **number of smaller fields that together will make a significant contribution to gas supply**
- **gas gathering strategy designed to facilitate development of these fields**
- **agreements for Kahili and Surrey gas(*) plus future discoveries**
- **located close to existing NGC infrastructure (green circle) onshore Taranaki**
- **KGTP will play an important strategic role in processing this gas to retail market specifications**



tomorrow’s solutions

"New Zealand is highly prospective…"

- **under-explored**
- **gas prone**
- **need to attract exploration investment, particularly from mid-sized explorers**
- **future market will be more complex**
- **must retain market/political stability**
- **upstream cross ownership must not hinder further exploration/development**



“Gas is an international commodity…”

- **LPG imports already occurring to meet winter peak demand**
- **LNG importation studies**
- **Indigenous production has advantages**
- **Role for imports if the gas can be supplied competitively in an inter-fuel market**

Liquigas depot

LNG carrier

“NGC’s goal for the future gas market…”

That it will be robust, and that gas users will continue to enjoy reliable, stable supplies of gas from diverse sources, and competing suppliers, and at prices that are competitive with other forms of energy

Questions ??