

A Message to Consumers from Your Trust

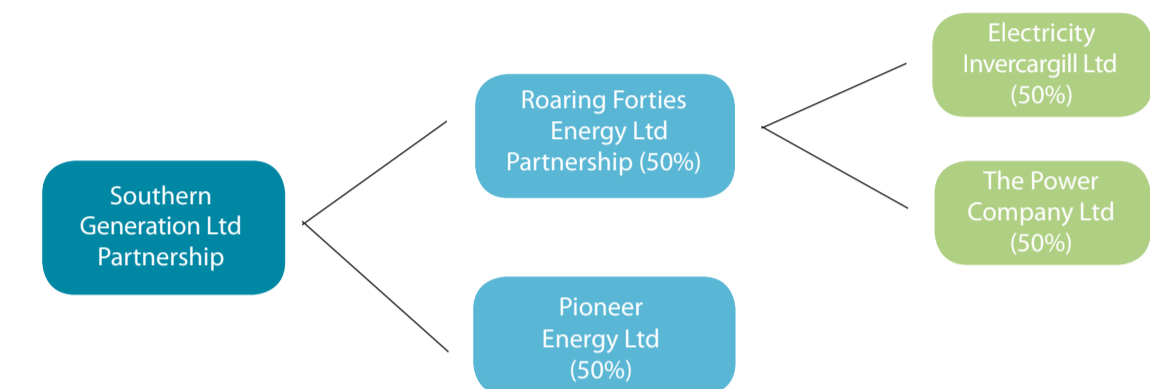
Southern Generation Ltd Partnership

In April 2015, TPCL, Electricity Invercargill Ltd and Pioneer Energy Ltd joined forces to create the new Southern Generation Ltd Partnership (SGLP). SGLP owns two wind generation sites: Mt Stuart near Lawrence in Otago and Flat Hill near Bluff.

In April 2016, the partnership also acquired the Aniwhenua hydro-electric power station on the Rangitai River in the Bay of Plenty. This asset, coupled with a long-term supply agreement to a power retailer, adds further asset value to the TPCL balance sheet. SGLP is also exploring further opportunities in hydro-electricity.

The generation output of the two wind generation sites and the Aniwhenua hydro-electric power station is assessed at 174GWh per annum, with Mt Stuart contributing 22GWh, Flat Hill 25GWh and Aniwhenua 127GWh. Wind and hydro generation are clean, green, renewable energies that fit with TPCL's wider strategies, including the transition from fossil fuels to renewables where possible.

The total output from SGLP generation sites is equivalent to the amount needed to power 20,000 homes.



Southern Generation Ltd Partnership structure

After another successful year, TPCL is delighted to credit an electricity discount totalling \$8 million (including GST) to our customers.

TPCL is one of the best performing rural networks in New Zealand. The Southland Power Trust, which exercises ownership rights on behalf of TPCL customers, understands the importance of a safe, efficient and reliable electricity supply.

The area of rural Southland and West Otago covered by our network continues to experience significant and sustained agricultural, domestic and commercial growth. This requires the continuous upgrade and reinforcement of TPCL's electricity network to meet the needs of our community.



We are dedicated to the ongoing improvement of our electricity network. Each year, millions of dollars are invested on projects to upgrade electricity network assets and management systems so we can provide a safe, efficient and reliable electricity supply now and in the future.

Jim Hargest, Chair, Southland Power Trust

Money off your Power Bill

If you are one of our 35,600 customers in rural Southland* or West Otago, every year we share our success with you.

Since 2001, we've put over \$92 million (including GST) back to households and businesses through our annual customer discount.

This year the discount totals \$8 million (including GST).

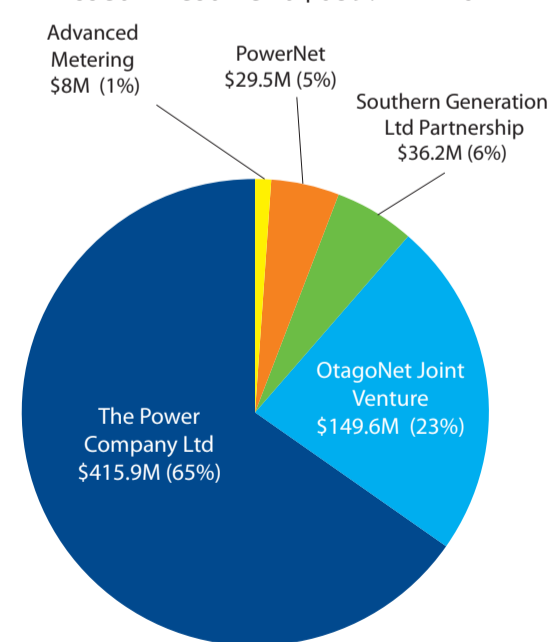
It's our way of giving back to local communities and saying a big thank you for your loyal support. So enjoy that little bit extra off your power bill.

*Excluding Invercargill City and Bluff, streetlights, unmetered and single phase connections. To qualify you had to be connected to the network on 31/8/17.

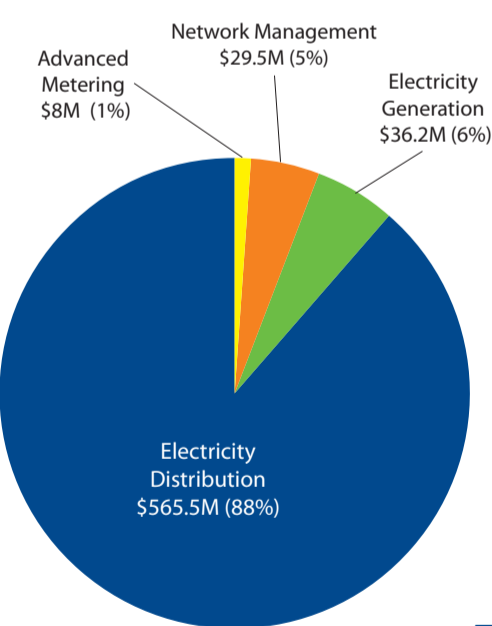
The Power Company Group - Asset Breakdown

The investment make-up by asset investment and investment type clearly illustrates TPCL's strategy of diversification being achieved within the electricity sector. Historically, the predominant investment was TPCL's electricity network. That investment now makes up 65 percent of the investment portfolio. Furthermore, while electricity distribution as an investment type makes up a majority (88 percent), there has also been significant diversification into electricity generation. This diversification is important to secure long-term sustainable investment returns.

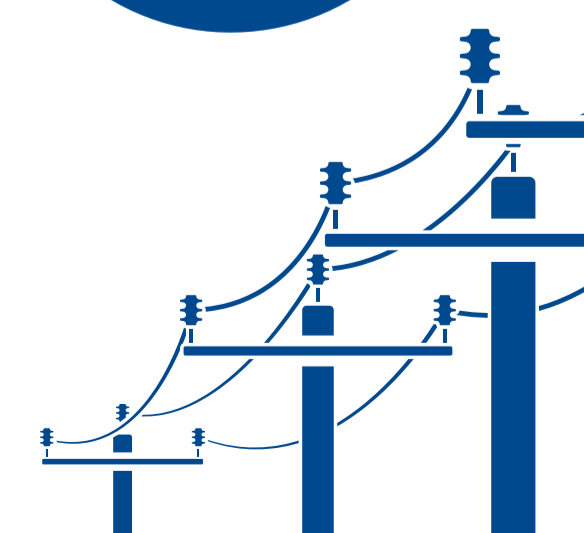
Asset Investment \$639.2 million



Investment Type \$639.2 million

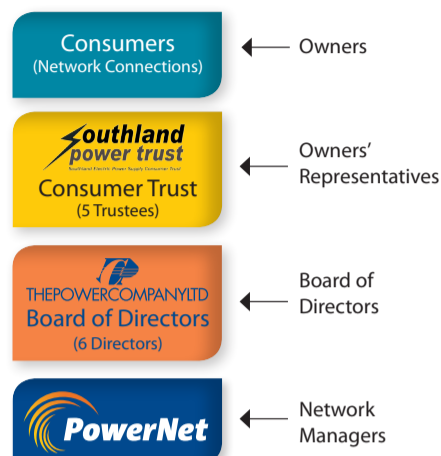


If you have any concerns about our service please call us on 03 2111899 and we will be pleased to help - we have a free internal complaints process. If we are unable to resolve your concern, you can contact Utilities Disputes on 0800 22 33 40 (www.utilitiesdisputes.co.nz).



The Power Company Ltd Structure

TPCL statistics at 31 March 2017	
Connected customers - total	35,608
Residential	26,243
Industrial	202
Commercial	9,163
Network length	8,876 km
Consumer density	4.0 customers/km
Number of distribution transformers	11,101
Maximum demand	135MV
Total energy conveyed	751GWh
Regulatory value	\$328 million



Power Issues?

We're always working to improve the reliability of TPCL's network. This means far fewer power outages - but occasionally they still happen.

Check out our website at www.powernet.co.nz to view or report outages. Alternatively you can phone our System Control team on 0800 808 587.

Call **PowerNet** on **0800 808 587**
www.powernet.co.nz

Who is The Power Company Limited?

One of the south's major success stories, The Power Company Ltd (TPCL) has amassed significant wealth for the people of Southland and West Otago.

If you live or work in wider Southland or West Otago, then it's likely you're one of TPCL's 35,600 plus customers and therefore, indirectly, one of its owners.

TPCL is owned by its customers through the Southland Electric Power Supply Consumer Trust (Southland Power Trust). The Trust represents customers as shareholders and appoints directors to TPCL's board. The board oversees TPCL's operations, while PowerNet manages and maintains its electricity network assets.

The company's electricity assets (including power lines, poles and substations) supply power to the Southland and West Otago area, excluding most of Invercargill City and Bluff.

With 8,876km of lines, TPCL's network is the largest in the lower South Island. Each year around 751 gigawatt hours (GWh) of energy are delivered to customers. Around two-thirds of TPCL's customers are residential—the remainder are industrial and commercial.

Major Upgrade Brings Improved Capacity and Reliability

It's a huge project that's bringing improved capacity and electricity supply to Southland communities.

The Oreti Valley Project is a major five-stage plan that's underway across a large part of rural Southland.

The plan involves upgrading existing 33kV lines by extending the 66kV network to Centre Bush, Dipton, Lumsden and Mossburn substations by 2020.

The project goal is to enhance the security and reliability of electricity supply, future-proof the area for potential growth and increase generation capability on TPCL's network.

In early August this year, a milestone was achieved—the commissioning of the new Centre Bush substation and the Winton to Centre Bush 66kV transmission line. The substation is the first to be commissioned as part of the project.

Work is now underway to upgrade the Dipton substation. The original substation was decommissioned in May with the removal of the old substation equipment from the site in June. The upgrade will convert the supply from 33/11kV to 66/11kV.

Once the Dipton substation is completed work will then start on an upgrade of the 33kV lines between Dipton, Lumsden and Mossburn.

With a total cost of \$24 million, the Oreti Valley Project is about ensuring that Southland is well-placed with a strong and reliable electricity supply network to meet the demands of future growth.



L-R: PowerNet project manager, Roger Scott and chief engineer, Roger Paterson with PowerNet directors Don Nicolson and Ross Smith inside the Centre Bush substation switch room.



The completed Centre Bush substation.



The 5MVA, 66/11kVA transformer being moved into position onto its concrete foundation inside the switchyard at Dipton substation.

Will you get the discount?

It's easy. Check your electricity account.

Every property has a reference called an ICP number and it's written on your electricity account. **If your ICP number includes the letters 'TP', then you're on our network.**

ELECTRICITY
Supply address:
A HOUSE Supply type: Electricity
SUBURB For the period ended **31 August 2017**
TOWN Meter Number: 122181732:1
ICP number: 0000567820**TP-A9C**

Your ICP number

You need to have been connected with us at midnight on 31 August 2017 to receive the discount. All residential customers will receive a discount of 1.78 cents per kilowatt hour (including GST) based on the power consumption recorded for the property. The discount will show on your power bill from your retailer in September or October. Discounts vary according to how much power you use. As an example, an average household using 6000kWh a year receives \$106.80. If you do not receive your discount by 31 October 2017, please contact your electricity retailer.