

The Treasury

Solid Energy Information Release

May 2013

Release Document

www.treasury.govt.nz/publications/information-releases/solidenergy

Key to sections of the Official Information Act 1982 under which information has been withheld.

Certain information in this document has been withheld under one or more of the following sections of the Official Information Act, as applicable:

- [1] 9(2)(a) - to protect the privacy of natural persons, including deceased people
- [2] 9(2)(b)(ii) - to protect the commercial position of the person who supplied the information, or who is the subject of the information
- [3] 9(2)(f)(iv) - to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials
- [4] 9(2)(g)(i) - to maintain the effective conduct of public affairs through the free and frank expression of opinions
- [5] 9(2)(i) - to enable the Crown to carry out commercial activities without disadvantage or prejudice
- [6] 9(2)(j) - to protect the commercial position of the person who supplied the information, or who is the subject of the information; to enable the Crown to carry out commercial activities without disadvantage or prejudice; and to enable the Crown to negotiate without disadvantage or prejudice
- [7] 9(2)(ba)(i) - to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to prejudice the supply of similar information, or information from the same source, and it is in the public interest that such information should continue to be supplied
- [8] Information is out of scope or not relevant.

Where information has been withheld, a numbered reference to the applicable section of the Official Information Act has been made, as listed above. For example, a [3] appearing where information has been withheld in a release document refers to section 9(2)(f)(iv).

In preparing this Information Release, the Treasury has considered the public interest considerations in section 9(1) of the Official Information Act.

From: [4]
Sent: Monday, 17 October 2011 3:52 p.m.
To: Anthony Burg
Subject: RE: SE op stats
Attachments: img-X17154431-0001.pdf

Hi Anthony

Thank you for your comments on the valuation process.

Although the valuations are to be prepared based on public information, it is up to each SOE to determine the information it provides, in the knowledge that this may become public. Certainly COMU did not request Solid Energy to provide the information that it provided to Forsyth Barr last year. As noted in Andrew Turner's letter to Solid Energy's Chairman, John Palmer, (copy attached) "the level of disclosure will be entirely at your discretion". Ultimately it is for Solid Energy to decide what level of information it wishes to provide to Forsyth Barr this year.

Kind Regards

[4] . Analyst | **The Treasury**
[1] | [4]

CONFIDENTIALITY NOTICE

The information in this email is confidential to the Treasury, intended only for the addressee(s), and may also be legally privileged. If you are not an intended addressee:

- a. please immediately delete this email and notify the Treasury by return email or telephone (64 4 472 2733);
- b. any use, dissemination or copying of this email is strictly prohibited and may be unlawful.

From: Anthony Burg [<mailto:Anthony.Burg@solidenergy.co.nz>]
Sent: Monday, 17 October 2011 11:49 a.m.
To: [4]
Subject: FW: SE op stats

Hi [4]

The note attached confirms my suspicions (previously expressed to you and John) that this process is definitely NOT based on public information! 20 year full forward forecasts for key drivers is not public information! If this was the intent (ie public info only) perhaps Treasury are the better conduit of the study, rather than the company directly.

I suggest, instead of this isolated valuation exercise which only serves to making every other equity research analyst feel like they've missed out on understanding the company (I have taken several calls since being in the role along these lines regarding last years valuations), we would be much better encouraging / incentivising SOE's to engage with the wider market to get our brand out into the market place in a much broader way. ie investor presentations, road shows, ie a coordinated dissemination of info to a broader set of stakeholders which will they have the equity firms lining up to give us coverage – hence supporting any IPO. For FREE !

If not, we really need endorsement of this level of disclosure prior to meeting Forsyth Barr on Wednesday.

I would appreciate discussing today if possible.

Many thanks, Anthony

From: Guy Hallwright [<mailto:guy.hallwright@forsythbarr.co.nz>]
Sent: Friday, 14 October 2011 5:44 p.m.
To: Anthony Burg
Cc: [4] ; Andrew Harvey-Green; Rob Buchanan
Subject: SE op stats

Hello Anthony -

These are the projections we had from SE last time round, which were very useful in terms of production volumes and costs.
It would be helpful to get a new version - how they have changed and the reasons would be a good base for discussion.

Look forward to seeing you Wednesday.

Regards,
Guy

Guy Hallwright
Director, Research



T: [1]
M: 0800 367 227
TF: 0800 367 227
F: +64 (9) 307 2215
P: PO Box 97, Auckland 1140
W: www.forsythbarr.co.nz



Please consider the environment before printing this e-mail.

Caution:

This message and accompanying data may contain information that is confidential and subject to legal privilege. If you are not the intended recipient you are notified that any use, dissemination, distribution or copying of this message or data is prohibited. If you have received this email message in error, please notify us immediately and erase all copies of the message and attachments.

This email, and any attachments, may contain views or opinions that are those of the sender and not necessarily the views or opinions of Forsyth Barr Limited.

=====

Please consider the environment before printing this email

WARNING

The content of this message is intended only for the use of the person it is addressed to and is confidential and may

also be legally privileged.

If this message is not addressed to you, you must not read, use, distribute or copy this document. If you have received this message in error please advise Solid Energy by return email at administrator@solidenergy.co.nz and destroy the original message.

Thankyou.

=====

SE-1-2-0

14 October 2011

Mr John Palmer
Chair
Solid Energy New Zealand Ltd
PO Box 1303
CHRISTCHURCH 8140

Dear Mr Palmer

Independent SOE Commercial Valuation Reports

Since 2007, independent commercial valuation reports have been commissioned for Mighty River Power Limited, Genesis Power Limited, and Meridian Energy Limited. Last year, valuation reports were also commissioned for Solid Energy New Zealand Limited (Solid Energy), Transpower New Zealand Limited and New Zealand Post Limited. This year COMU has commissioned valuation reports for all SOEs.

As you will be aware, a commercial valuation of Solid Energy was prepared by UBS as part of the Solid Energy Mixed Ownership Model Scoping Study. This valuation included using non-publicly-available information provided by Solid Energy. The Treasury is committed to only using the Scoping Study information for the purpose for which it was originally intended, which does not include public release.

Given that we do wish to publish a valuation, as we have done previously, COMU has commissioned a separate commercial valuation of Solid Energy based on publicly-available information only. This valuation will be included in the COMU Annual Portfolio Report and will also be published on the COMU website:
<http://www.comu.govt.nz/equityanalystvaluation.html>

These valuation reports benefit shareholders, directors, stakeholders and the public by:

- providing a more comprehensive picture of SOE returns
- helping SOEs improve the quality of their own valuations
- making drivers of value more transparent, and
- increasing public awareness of the value of the SOEs by making the valuations publicly available.

COMU has engaged with the necessary companies to undertake these commercial valuations. With respect to Solid Energy, COMU has contracted Forsyth Barr Limited to undertake the commercial valuation. This will be led by:

Rob Buchanan
Director Investment Banking
Forsyth Barr Limited

[1]

Rob.buchanan@forsythbarr.co.nz

The valuer will make itself available to meet with you. I would appreciate if your CEO and Senior Management team could make time available to answer questions, clarify assumptions and offer management perspectives. However, the level of disclosure will be entirely at your discretion.

I appreciate your assistance in conducting these commercial valuations. If you have any questions please do not hesitate to contact [7] in the first instance on

[1]

Yours sincerely

Andrew Turner
Deputy Secretary, COMU

cc Dr Don Elder, Chief Executive Officer, Solid Energy