



Cabinet

CAB Min (04) 23/12

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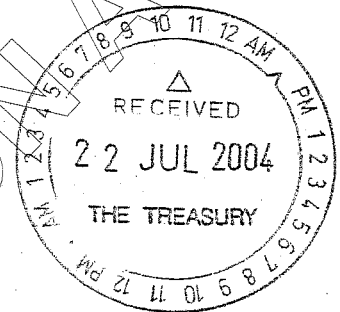
Minute of Decision

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Minister of Finance
Minister for State Owned Enterprises

Copies to:

Prime Minister
Deputy Prime Minister
Hon Jim Anderton
Minister of Energy
Secretary, POL



Additional Item: Genesis Power and Shareholder Support for e3p

On 19 July 2004, Cabinet:

- 1 **noted** the contents of a paper tabled by the Minister of Finance about a proposal to shareholding Ministers from Genesis Power to commission a Power Station, and his oral briefing on the issue;
- 2 **noted** that Genesis Energy (Genesis) has approached shareholding Ministers about a way forward for commissioning a 385 MW Combined Cycle Gas Turbine at Huntly ("e3p"), by December 2006;
- 3 **noted** that the Genesis Board and its financiers (Westpac) consider that there is insufficient certainty concerning gas supply arrangements for Genesis to commit to building and financing e3p, unless Genesis enters into a risk sharing arrangement with the government regarding the gas supply risk;
- 4 **noted** that the risk sharing arrangement must be agreed before 15 August 2004 in order for Genesis to be able to conclude a contract to complete construction of e3p on schedule;
- 5 **noted** that, if constructed, e3p would be a nationally significant power station, with potentially significant national benefits from the perspective of medium term security of electricity supply;
- 6 **noted** that the risk sharing arrangement that Genesis and [] seek before they can commit to build it has significant policy implications;

s. 9(2)(b)(ii)
s. 9(2)(ba)(i)
s. 9(2)(j)

- 7 authorised shareholding Ministers, in consultation with the Minister of Energy:
 - 7.1 negotiate with Genesis; and
 - 7.2 provided the risks associated with it can be managed and shared between Genesis and the Crown in an appropriate manner, enter into a risk sharing arrangement, before 15 August 2004, which will allow e3p to be built on time;
- 8 invited the shareholding Ministers to report back to the Cabinet Policy Committee on the outcome of the negotiations as soon as they have been completed.

Jane Harman

Secretary of the Cabinet

Reference: Paper tabled by the Minister of Finance
"Genesis Power and Shareholder Support for e3p"

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