

NetworkTasman TRUST

Dear Network Tasman Consumer,

I am writing to you on behalf of Network Tasman Trustees to update you on several matters of interest – your recent power bill price rises, the Trust's Christmas distribution to consumers, the eco bulb campaign, trustee election results, and our community grants and loans scheme.

Adding up your power price rises

We feel it's important, as elected trustee shareholders of your local lines company that we are able to fully explain how your monthly power bills have changed over time. Your bill is a combination of charges from three different companies who combine to bring you your electricity. Here's a little about each of them and what they supply you with:

Energy Retailers – the retailers generate electricity and sell it to consumers. The retailers include Contact Energy, Meridian Energy, Genesis, Mighty River Power and Trustpower.

For the purpose of the price comparisons below we have used Contact's prices as they are the dominant retailer in our area, but other retailers offer similar prices. Contact Energy is a private company listed on the NZ stock exchange.

Transpower – is a State Owned Enterprise that distributes power through the national grid, which it owns and maintains.

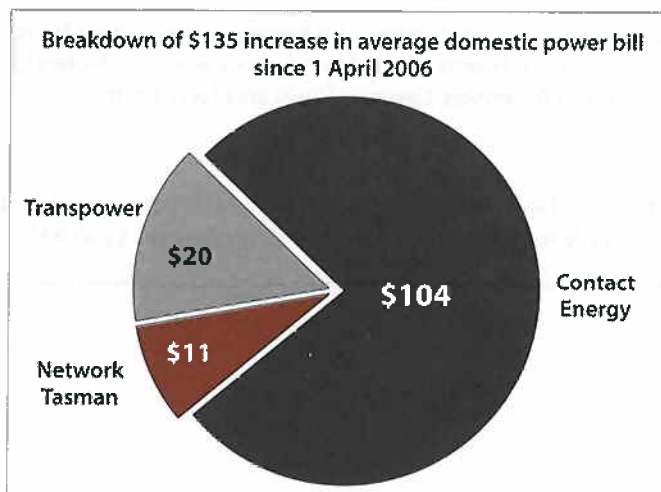
Network Tasman – owns and operates the power lines and equipment used to transport power from the national grid to your property boundary. To get electricity to your property the electricity retailers, such as Contact Energy, have agreements with Network Tasman permitting them to use the distribution network to transport electricity to you.

Understanding your power bill

The information that follows is for a typical residential consumer in the Tasman region using 8000 kWh per annum.

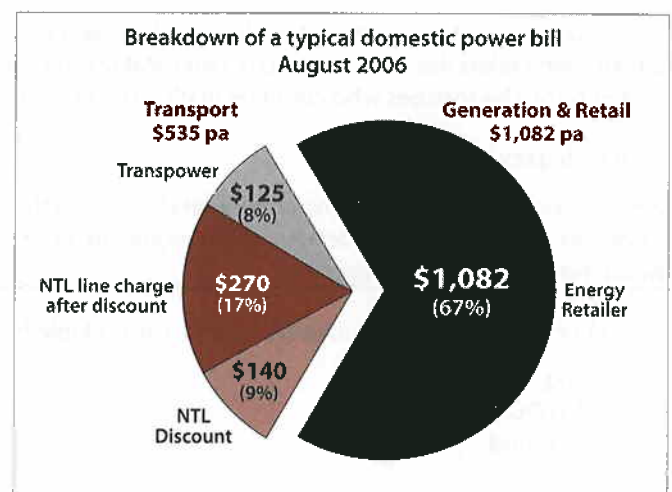
The breakdown of your 2006 price increase

Let's see how the three companies above have contributed to the recent power price rise of \$135 per year for the average residential consumer in the Tasman region:



The makeup of your annual power bill

Now let's have look at how these companies contribute to the typical total annual power bill of around \$1,617 (including GST), or about \$135 per month on average:

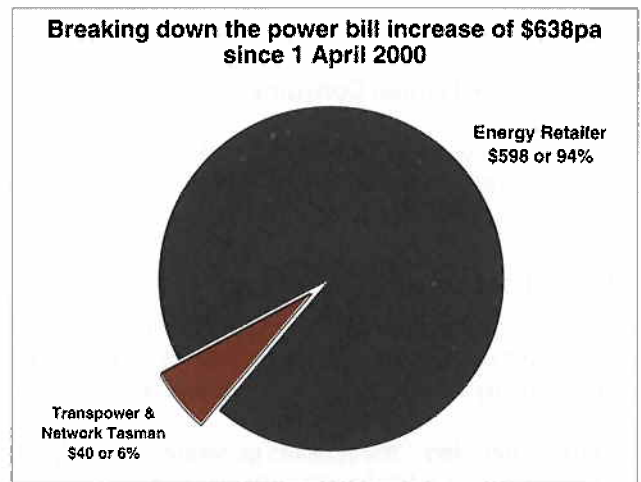
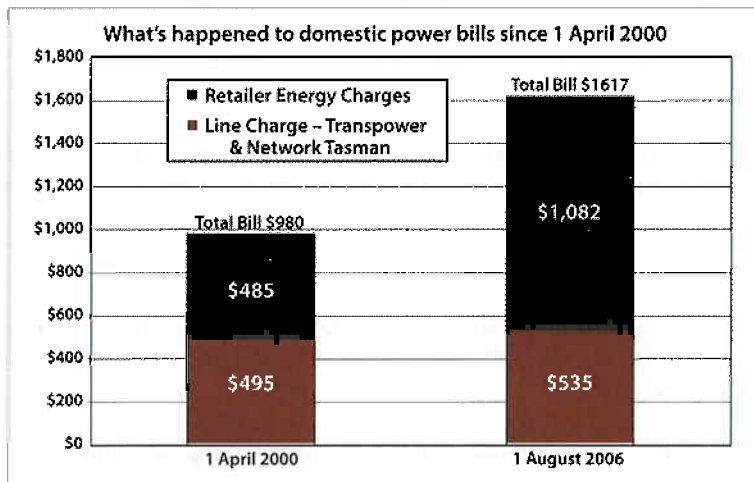


So what's happened to your power bill over the last six years?

Six years ago in 2000, an average monthly bill would have been around \$81 per month or \$980 per annum. In 2006 this annual bill is now nearly \$1620. So where has the increase come from?

Transpower and Network Tasman have been upgrading the regions supply lines. Network Tasman has spent \$30 million over the past six years and Transpower has spent over \$30 million in the last 18 months reinforcing the region's supply lines. Despite this expenditure their combined line charges to you are only \$40 per annum higher now than they were 2000 – that's an increase of \$7 per year or 1.3% per annum on average, which is less than the rate of inflation.

In comparison, Contact Energy's charges over the same period are \$598 higher – that's an increase of 19% per annum or a substantial \$92 each year on average since 2000.



The graphs above show that the major proportion of the rise in power bills is attributable to your energy retailer (eg: Contact Energy, Meridian etc).

We hope this has clarified the background of your power price rises. We want you to feel fully informed now and in the future.

More money coming to you from NT Trust's end of year distribution

Good news for our customers. We can now announce that this year's NT Trust distribution to consumers will increase from \$95 to \$100. That's because we are passing on the benefits of a successful year with our investment fund. Consumer cheques will start appearing in letterboxes about the end of November.

Ecobulb promotion exceeds expectations

The recent Network Tasman Trust offer of five eco bulbs for \$10 using the cut-out voucher has been a great success. Another 25,000 bulbs were sold, bringing the overall total to 102,000 bulbs. The campaign was developed in conjunction with local energy efficiency company Energy Mad. The trustees were extremely pleased so many people took up this energy saving offer.

Trustee election results

As you may already be aware trustee elections have recently been held. There is one new trustee – Richmond businessman Trevor Tuffnell – who takes the place of the late Peter Malone. All the other trustees – Kelvin Haycock and Albie Aubrey were re-elected for another term. The trustees who continue in office from the last elections are Ted Anderson, Gwenny Davis and Terry Kreft.

Trustee's legacy lives on

Peter Malone's contribution to the community lives on in the grants and loans scheme now named after him. Each year groups and individuals who work for the benefit of our region are publicly invited to apply for some of the \$70,000 of grants and \$200,000 in low interest loans that are available.

Application forms and loan and grant criteria are available from:

Craig, Anderson & Co,
270a Queen Street
Richmond,

Phone 03 544 6179 or you can download information from the Network Tasman Limited website – www.networktasman.co.nz.

Thank you for your time in reading this letter, which we hope has helped you become more informed about us and the electricity industry.

Yours faithfully,

Ted Anderson

Chairman
Network Tasman Trust