

TRANSPower



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HALF YEARLY REPORT 09/10 COMMENTARY



WAYNE BROWN

CHAIRMAN



PATRICK STRANGE

CHIEF EXECUTIVE

The report describes Transpower's financial and operational performance for the six months to 31 December 2009.

The primary focus of the Board and management is on engineering and operational performance, in order to strengthen and secure the national transmission system as a platform for economic growth.

Financial Performance

The earnings after tax, prior to net changes in the fair value of financial instruments, are \$87.6 million for the first six months of the financial year 2009/10. This compares to \$67.5 million for the same period to December 2008.

Operating revenue for the first six months of the year rose 11 per cent to \$379.6 million, from \$341.9 million for the corresponding period last year. This increase was in part due to higher transmission revenue of \$326.2 million compared to \$310.7 million for the corresponding period in 2008/09 and the recognition of the remaining income from the partial termination of the 2003 cross border lease of \$27 million.

Operating expenses decreased by 5 per cent to \$135.4 million compared to \$141.8 million over the same period last year. The decrease is due to lower instantaneous reserve costs being payable by Transpower in respect of the HVDC link.

Capital expenditure over the period was \$239 million, an increase of \$109 million over the corresponding period in the previous year (\$130 million). The rise reflects the start of the significant build programme underway.

We have reduced the expected value of properties on the route of the North Island Grid Upgrade Project by \$18.6 million, reflecting recent falls in property values. Easements on most properties have now been valued and registered in preparation for the construction of the transmission line between Whakamaru and south Auckland.

Reinforcing the Grid

Transpower has a significant investment programme underway – both in building new capacity through new projects and in refurbishing and replacing assets.

We have around 60 projects in various stages of development or construction, including the three major upgrade projects mentioned here, which together form a significant part of our capital investment programme.

North Island Grid Upgrade Project

The \$824 million North Island Grid Upgrade Project (NIGUP) involves the construction of an overhead transmission line from Whakamaru to Pakuranga, with associated substations and underground cables.

HVDC Pole 3 Project

The \$672 million Pole 3 project involves replacing the 44-year old Pole 1 equipment at Haywards substation, north of Wellington, and Benmore substation in the South Island with new, modern thyristor converters. Commissioning is scheduled by autumn 2012.

North Auckland and Northland Project

The \$473 million North Auckland and Northland (NAaN) project will reinforce security of supply and provide diversity into and across Auckland and into Northland, as well as meet increasing demand for electricity in these regions. The NAaN project involves installing 37 kilometres of 220 kV underground cables from Pakuranga to Penrose, through the Auckland CBD, and onto Albany.

Nationally, we have approximately \$3.8 billion of capital expenditure planned until the end of the 2015 financial year to upgrade the National Grid to meet future electricity demand and to connect new renewable generation, much of which is being built remote from major load centres.

Asset Renewal

While the upgrade programme provides for future growth in demand and improved resilience, the reliability of the existing asset base continues to be of concern, with loss of supply events occurring more frequently than is acceptable. The events are attributable, in part, to the age of key grid

equipment as a result of little replacement investment over the last decade and the high loading on the grid.

To reverse this situation, a programme of critical asset replacement is in place, in conjunction with increased focus on reviewing asset management and maintenance strategies and the procurement of additional critical spares (notably power transformers).

The major upgrade work we are undertaking over the next three to four years will provide for future growth in demand and improved resilience, but the construction work will place the National Grid under further strain. However, everything is being done to ensure electricity supply while the grid upgrades are being put in place.

Investing in New Technology

We are investing significantly in the next generation of information technology and telecommunications hardware and software as part of our continued effort to better utilise our assets. For consumers, it will mean increased grid reliability and security.

In July 2009, we completed and launched the \$70 million Market Systems Project (MSP), replacing a 13-year-old system. MSP involved a major upgrade to the software and hardware supporting the electricity market and system operation functions, positioning our System Operator as a world leader in this area.

Now fully operational, MSP delivers wide-ranging benefits to the industry (and ultimately to consumers).

We also made substantial strides towards completion of the Telecommunications and Networks Programme (TNP), which will replace our existing, largely radio-based telecommunications infrastructure with fibre-optic cable. We have now built and own 920 kilometres of fibre and lease a further 3,350 kilometres of the approximately 6,000 kilometres of fibre required for TNP.

TNP will provide very fast and highly reliable real-time access to (and from) our nationwide substations. This is an essential capability for operating 'tomorrow's grid' and will be a platform for many of our planned technology enhancements.

Going forward, we need to focus on systematic innovation and development so that we are well positioned to take advantage of new technologies as they develop.

Workforce Capability

With the amount of investment now underway, resourcing to complete small and large projects while maintaining our focus on both operating the grid and developing our technology platforms continues to be a huge challenge. In the face of worldwide demand for experienced engineers, we are working hard to build our workforce capability.

We have substantially increased our graduate training programme and expanded it to include non-engineering university graduates. Further, we are developing a new trainee programme to address our ageing field workforce and to ensure that we have the skilled tertiary-qualified field

workforce to build and operate tomorrow's grid. We are also investing in our capability and performance in the field. We have initiated a major review of our contractual relationships with our major maintenance partners to improve all our performances.

Safety and Health

We are fully committed to protecting the safety and health of our colleagues, contractors and the people we serve. Safety is a core value within Transpower, and ensuring a safe environment for our employees, contractors and the public is of paramount importance. We have a goal of zero harm.

We are implementing a major change programme to improve our safety performance with a specific focus on behavioural safety management.

We have made improvements over recent years but recognise we have a great deal more to do.

Operational Performance

Key system reliability and availability targets were detailed in the 2009/10 Statement of Corporate Intent. Progress towards these targets for the half year was as follows:

SYSTEM RELIABILITY MEASURES	ACHIEVED TO 31 DECEMBER 2009	2009/10 TARGET
HVAC AVAILABILITY %	98.4	98.3%
HVDC AVAILABILITY % – POLE 2 ONLY	99.5	97.3%
UNPLANNED SUPPLY INTERRUPTIONS (SYSTEM MINUTES) ¹	9.4	<9.0

¹ ONE SYSTEM MINUTE IS BASED ON A SYSTEM PEAK OF 6,612 MW FOR THE PURPOSES OF THIS CALCULATION.

Availability measures the rate at which circuits are not available, whether or not that causes an outage. Our target for availability of the AC network is on track, with availability of 98.4 per cent compared with a target of 98.3 per cent.

Every two years, Transpower participates in an international study to benchmark its AC transmission performance against 29 other transmission utilities. The results of the 2009 study will be available in March 2010 and will be published in the 2009/10 Quality Performance Report.

The availability performance target for the HVDC Pole 2 link, linking the North and South Islands, is also on track, achieving 99.5 per cent against a target of 97.3 per cent. We benchmark ourselves against the 16 international operators of modern DC links, and we continue to be one of the top performers – year in, year out.

However, despite availability of individual circuits being better than target, unplanned supply interruptions, measured by system minutes of lost supply, are worse than target. This is a result of the highly loaded nature of the grid, which leaves it vulnerable to faults. (As a yardstick, one system minute is equivalent to Hamilton losing supply during winter at peak demand for about 40 minutes.)

There was a major outage on 30 October 2009, which affected 280,000 consumers in western and northern Auckland and Northland for around three hours. The blackout was caused by a container hoist, operated by a third party, hitting one of the two 220 kV lines. (The second line was undergoing maintenance at the time.)

Limiting interruptions to supply is a key focus for the company, and the major capital investment programme underway will restore the operating margins necessary to deliver the required reliability.

A significant challenge is securing and co-ordinating outages to effect the replacement and upgrading work now underway. As loading on the grid rises, it is becoming more and more difficult to take parts of the grid out of service for this purpose. As a result, for the six-month period under review, a total of 2,859 'removal from service' outage windows were arranged, of which 35 per cent had to be subsequently rescheduled.

Regulatory Update

In August 2009, the Ministerial Review of the Electricity Industry, aimed at improving the performance of the electricity market, was released.

We are supportive of the review to date. The proposed changes to governance, grid investment procedures and dry year management, if appropriately implemented, will deliver an improved regulatory framework.

We will actively play our part in helping regulators and officials to make these changes work or to signal any serious concerns that may arise over the important details of implementation.

One of the most significant challenges has been working with the Commerce Commission to move the economic regulation of Transpower closer to an incentive-based, multi-year, revenue cap regulation, similar to that used in the UK and Australia. We are engaging constructively with the Commission to develop the specifications required to ensure a smooth transition to the new regime.

In combination, the above reforms provide the opportunity for significant improvements. Firstly, to evolve a regulatory regime for transmission similar to the more internationally orthodox forms of regulation found, for example, in the UK and Australia. Secondly, to deliver improvements to the operation of the wholesale and retail electricity markets through enhanced signals and incentives to manage energy security and by providing better tools for risk management.

Engaging with Stakeholders

Perhaps the most important issue we have is working in partnership with the community. We need to construct projects as we intend to finish them – with fairness and respect for landowners, as well as for the wider communities that we impact. Being open about our plans and projects, consulting with affected people and understanding and listening to their concerns is critical and is a key focus for the company.

In August 2008, we introduced a new consultation approach with landowners and communities and tested this on the Wairakei Ring project. We talked to the community and landowners first, before we made any decisions.

The experience to date has been very positive, and this model will now be used on all projects going forward.

We are also working closely with our customers – those parties that directly connect to the grid – the generators, lines companies and large industrial businesses. This was illustrated by the connection to the grid of the country’s largest single generator geothermal power station – Mighty River Power’s new 132 MW Nga Awa Purua plant – in October 2009. This was delivered on time and within budget and involved close collaboration between Transpower and Mighty River Power.

In October 2009, we held our first ever Annual Public Meeting at Te Papa Tongarewa in Wellington. The aim of the meeting was to give our stakeholders the opportunity to learn more about our business performance, key challenges and plans for the future and to question us directly and publicly about our strategies, our actions and our performance.

The meeting was well received. Plans are already underway for the 2010 meeting.

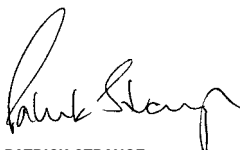
Conclusion

The Board, management and staff are focused on operating the current grid and planning for the future to ensure that the National Grid continues to provide a safe, reliable and efficient supply of electricity.

The Board expresses its gratitude to all Transpower employees for their continuing professionalism and commitment.



WAYNE BROWN
CHAIRMAN



PATRICK STRANGE
CHIEF EXECUTIVE

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Consolidated Statement of Comprehensive Income

For the six months ended 31 December 2009

		UNAUDITED	UNAUDITED
	NOTES	6 MONTHS 31 DEC 2009	6 MONTHS 31 DEC 2008
		\$000	\$000
Operating revenue			
Transmission revenue	2	326,188	310,693
Other revenue	2	51,817	27,685
Finance revenue	4	1,634	3,562
		379,639	341,940
Expenditure			
Transmission expenditure	3	69,633	76,858
Employee benefits	3	25,832	25,041
Other operating expenditure	3	39,958	39,896
		135,423	141,795
Earnings before interest, impairment, tax, depreciation, amortisation and changes in the fair value of financial Instruments		244,216	200,145
Depreciation	6	62,268	62,516
Amortisation		4,435	2,634
Impairment	6	17,177	6,544
Finance costs	4	34,309	38,602
Earnings before changes in the fair value of financial instruments and tax		126,027	89,849
(Gain) loss in the fair value of financial instruments	5	39,064	251,449
Earnings before tax		86,963	(161,600)
Income tax expense (credit)		26,695	(53,111)
Net profit (loss)		60,268	(108,489)
Total Net Profit (loss) for the period is attributable to			
Non Controlling Interest (NCI)	14	3,787	-
Owners of the parent		56,481	(108,489)
		60,268	(108,489)
Other comprehensive income			
Net fair value gains on available for sale financial assets		-	100
Income tax on other comprehensive income		-	30
Other comprehensive income for the period net of tax		-	70
Total comprehensive income for the period		60,268	(108,419)
Total comprehensive income for the period is attributable to			
Non Controlling Interest (NCI)	14	3,787	-
Owners of the parent		56,481	(108,419)
		60,268	(108,419)



Consolidated Statement of Comprehensive Income (continued)

For the six months ended 31 December 2009

Reconciliation of net profit (loss) specifying the net impact of fair value movements

	UNAUDITED	UNAUDITED
	6 MONTHS 31 DEC 2009	6 MONTHS 31 DEC 2008
	\$000	\$000
Earnings before changes in the fair value of financial instruments and tax	126,027	89,849
Income tax expense (credit) (excluding changes in the fair value of financial instruments)	38,414	22,324
Earnings before net changes in fair value of financial instruments	87,613	67,525
(Gain) loss in the fair value of financial instruments	39,064	251,449
Income tax expense (credit) on changes in the fair value of financial instruments	(11,719)	(75,435)
Net profit (loss)	60,268	(108,489)

These statements are to be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

For the six months ended 31 December 2009

UNAUDITED AT 31 DECEMBER 2009		ORDINARY SHARES	AVAILABLE FOR SALE RESERVE
	NOTE	\$000	\$000
At 1 July 2009		1,200,000	(851)
Profit for the period		-	-
Other Comprehensive Income		-	-
Transactions with Owners		-	-
Recognition of NCI on subsidiary consolidation	14	-	-
Total at 31 December 2009		1,200,000	(851)

UNAUDITED AT 31 DECEMBER 2008		ORDINARY SHARES	AVAILABLE FOR SALE RESERVE
		\$000	\$000
At 1 July 2008		1,200,000	(381)
Profit for the period		-	-
Other Comprehensive Income		-	70
Transactions with Owners		-	-
Recognition of NCI on subsidiary consolidation		-	-
Total at 31 December 2008		1,200,000	(311)

These statements are to be read in conjunction with the accompanying notes.



RETAINED EARNINGS	OWNERS OF THE PARENT	NCI	TOTAL
\$000	\$000	\$000	\$000
200,779	1,399,928	-	1,399,928
56,481	56,481	3,787	60,268
-	-	-	-
-	-	-	-
-	-	(9,932)	(9,932)
257,260	1,456,409	(6,145)	1,450,264

RETAINED EARNINGS	OWNERS OF THE PARENT	NCI	TOTAL
\$000	\$000	\$000	\$000
107,870	1,307,489	-	1,307,489
(108,489)	(108,489)	-	(108,489)
-	70	-	70
-	-	-	-
-	-	-	-
(619)	1,199,070	-	1,199,070

Consolidated Balance Sheet

As at 31 December 2009

		UNAUDITED	UNAUDITED	AUDITED
	NOTES	31 DEC 2009	31 DEC 2008	30 JUN 2009
		\$'000	\$'000	\$'000
ASSETS EMPLOYED				
Current assets				
Cash and cash equivalents		34,282	8,320	40,722
Trade and other receivables		79,733	67,877	61,193
Current tax asset		-	19,715	-
Investments		62,733	150,892	83,829
Derivatives in gain		117,214	302,720	162,418
Property available for sale		28,105	4,486	-
Inventories		12,569	6,834	6,763
		334,636	560,844	354,925
Non current assets				
Non current receivables		-	1,659	653
Other financial assets		96,412	3,620	3,609
Capital work in progress	6	496,131	355,502	471,391
Property, plant and equipment	6	2,312,961	2,217,719	2,229,139
Intangibles		70,941	27,660	46,675
		2,976,445	2,606,160	2,751,468
Total assets employed		3,311,081	3,167,004	3,106,393

Consolidated Balance Sheet (continued)

As at 31 December 2009

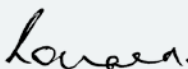
	NOTES	UNAUDITED 31 DEC 2009 \$000	UNAUDITED 31 DEC 2008 \$000	AUDITED 30 JUN 2009 \$000
FUNDS EMPLOYED				
Current liabilities				
Trade and other payables		48,870	49,764	81,348
Current tax liability		5,718	-	12,919
Current debt		390,623	203,976	165,535
Derivatives in loss		82,952	111,875	57,253
Other financial liabilities		-	2,344	269
Deferred income		33,665	74,519	60,092
Provisions		4,940	21,225	11,564
		566,768	463,703	388,980
Non current liabilities				
Non current payables		1,980	2,802	2,723
Finance lease liabilities		1,504	1,406	1,419
Non current debt	7	1,136,375	1,403,829	1,164,329
Deferred tax		140,450	96,194	137,492
Provisions		13,740	-	11,522
		1,294,049	1,504,231	1,317,485
Total liabilities		1,860,817	1,967,934	1,706,465
Equity				
Capital		1,200,000	1,200,000	1,200,000
Reserves		(851)	(311)	(851)
Accumulated surplus (deficit)		257,260	(619)	200,779
NCI	14	(6,145)	-	-
Total equity		1,450,264	1,199,070	1,399,928
Total funds employed		3,311,081	3,167,004	3,106,393

The Board of Directors of Transpower New Zealand Limited authorised these Financial Statements for issue on 18 February 2010.

For, and on behalf of, the Board



WAYNE BROWN
CHAIRMAN



IAN DONALD
DIRECTOR

These statements are to be read in conjunction with the accompanying notes.

Consolidated Cash Flow Statement

For the six months ended 31 December 2009

	UNAUDITED	UNAUDITED
	6 MONTHS 31 DEC 2009	6 MONTHS 31 DEC 2008
	\$000	\$000
CASH FLOW FROM OPERATIONS		
Cash was provided from:		
Receipts from customers	334,876	296,037
Interest received	1,634	3,562
Cash was applied to:		
Payments to suppliers and employees	(176,830)	(177,839)
Tax payments	(26,693)	(23,047)
Interest paid	(47,654)	(41,695)
Net cash inflows from operations	85,333	57,018
CASH FLOW FROM INVESTMENTS		
Cash was provided from:		
Sale of property, plant and equipment	16	649
Short term investments	212,043	424,951
Cash was applied to:		
Purchase of property, plant and equipment	(234,940)	(125,817)
Short term investments	(199,479)	(416,109)
Net cash outflows from investments	(222,360)	(116,326)
CASH FLOW FROM FINANCING		
Cash was provided from:		
Increase in loans	599,929	210,563
Cash was applied to:		
Increase in long term investments	-	-
Dividends paid	-	-
Repayment of loans	(466,625)	(153,951)
Net cash inflows from financing	133,304	56,612
Net increase (decrease) in cash held	(3,723)	(2,696)
Net foreign exchange differences	(2,717)	2
Opening balance brought forward	40,722	11,014
Closing net cash carried forward	34,282	8,320
Closing net cash carried forward comprises:		
Cash and bank	34,282	8,320

These statements are to be read in conjunction with the accompanying notes.



Notes to the Financial Statements

For the six months ended 31 December 2009

1. STATEMENT OF ACCOUNTING POLICIES

Reporting Entity and Statutory Base

Transpower New Zealand Limited is a State-Owned Enterprise registered in New Zealand under the Companies Act 1993. The financial statements are in New Zealand dollars and are of Transpower and its subsidiaries (the Group).

Nature of Operations

Transpower is the owner and operator of New Zealand's national electricity grid. Transpower is not a public benefit entity for the purposes of NZIAS 1 "Presentation of Financial Statements".

Basis of Preparation

The financial statements included in this half yearly report have been prepared in compliance with NZIAS 34 "Interim Financial Reporting" and should be read in conjunction with the financial statements and relevant notes included in the Transpower 2008/09 Annual Report.

The accounting policies used in preparation of these financial statements are consistent with those used in preparation of the Group financial statements for the year ended 30 June 2009.

Transpower's operations are not considered seasonal or cyclical in nature.

Reclassifications

Certain reclassifications of prior year balances have been made to conform with current year classifications.

New Standards adopted

NZIAS 1 Presentation of Financial Statements (revised 2007)

NZIAS 23 Borrowing Costs (revised 2007)

NZIAS 27 Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate (revised 2008)

NZIFRS 7 Financial Instruments: Disclosures

NZIFRS 3 Business Combinations (revised 2008)

Of the new standards adopted the most significant are as follows;

- NZIAS 1; Has resulted in new disclosure and presentation in the Statement of Comprehensive Income and Statement of Changes in Equity.
- NZIFRS 7; The Group has disclosed where its valuations of Financial Instruments fall within the three level fair value hierarchy.
- NZIFRS 3 and NZIAS 27: The changes in these standards impacted upon the recognition and disclosures of New Zealand Power Cayman Ltd (NZPCL). Transpower has opted to recognise NZPCL using the share of the NCI's net assets rather than the fair value of the NCI.

Notes to the Financial Statements (continued)

For the six months ended 31 December 2009

2. OPERATING REVENUE	UNAUDITED	UNAUDITED
	6 MONTHS 31 DEC 2009 \$000	6 MONTHS 31 DEC 2008 \$000
Transmission revenue		
HVAC interconnection	218,115	205,099
HVAC connection	67,187	65,093
HVDC	35,608	37,672
EV (rebate) charge – HVAC	(14,530)	(15,900)
EV (rebate) charge – HVDC	3,560	3,750
New investment agreements	12,849	11,008
Other	3,399	3,971
	326,188	310,693
Other revenue		
Wholesale market services	13,426	11,245
Rental income	3,637	4,488
Cross border lease income	27,806	2,523
Risk Reinsurance Limited investment income	1,326	2,762
Other	5,622	6,667
	51,817	27,685

Transmission Revenue

Transmission revenue consists of charges for the transmission of electricity from the point of generation to the point of supply, being high voltage alternating current (HVAC) interconnection, connection and high voltage direct current (HVDC).

Transpower operates its revenue setting methodology within an Economic Value (“EV”) framework that analyses economic gains and losses between those attributable to shareholders and those attributable to customers. The balance of the accumulated gain (loss) from monopoly activities attributable to customers (“the EV balance”) is passed on to or claimed from customers over time as EV (rebates) or charges.

New investment agreements are contracts entered into with customers to build grid connection assets.

Other Revenue*Wholesale market services*

Wholesale market services revenue primarily relates to revenue from System Operator services.

Rental income

Includes rental income on various transmission land and buildings and also communications equipment. Assets are not held primarily to earn rental income.

Cross border lease income

During the period, the Group partially terminated the final cross border lease which related to the majority of the HVAC transmission assets in the South Island.

As a result of the partial termination, the Group has recognised the remainder of the income in advance relating to this lease transaction.

Notes to the Financial Statements (continued)

For the six months ended 31 December 2009

2. OPERATING REVENUE continued*Risk Reinsurance Limited investment income*

Risk Reinsurance Limited (RRL) makes investments using the insurance premiums it receives. The Group has other investments, which are held for short term funding purposes as part of the net debt position. Interest revenue earned on these non-RRL investments has been included in Note 4 Net Finance Costs.

Other

Other revenue mainly consists of EMS and d-cyphaTrade revenue.

3. EXPENDITURE ON ACTIVITIES

	UNAUDITED 6 MONTHS 31 DEC 2009 \$000	UNAUDITED 6 MONTHS 31 DEC 2008 \$000
Transmission expenditure		
Maintenance of HVAC substations	24,958	25,615
Maintenance of HVDC substations and cables	5,228	3,780
Maintenance of HVAC lines	22,310	16,096
Maintenance of HVDC lines	1,458	403
HVDC share of reserves	4,742	14,732
Other direct transmission expenditure	10,937	16,232
	69,633	76,858
Employee benefits		
Short term benefits	24,472	23,960
Defined contribution schemes	1,136	712
Other	224	369
	25,832	25,041
Other operating expenditure		
Information technology costs	9,051	10,354
Industry levies	3,039	2,698
Other business support costs	15,883	14,650
Operating lease and rental costs	6,313	5,651
Study grants and donations	481	749
External auditor – audit fee	165	158
External auditor – other assurance	32	51
Stock and asset write-offs	2,822	3,451
Insurance	2,172	2,133
Bad debt write-off	-	1
	39,958	39,896
Total expenditure on activities	135,423	141,795

Maintenance includes inspection, servicing and repair costs.

Notes to the Financial Statements (continued)

For the six months ended 31 December 2009

3. EXPENDITURE ON ACTIVITIES continued

HVDC share of reserves – The wholesale electricity market provides reserves to cover for the loss of the largest generation unit that is dispatched in any one island (North and South) in any one trading period. If these reserve quantities are in the other island, it is expected that the HVDC link will be available to carry this quantity. The cost of these reserves is charged to the Group (as grid asset owner) as their share of the HVDC at risk quantity, also known as the “HVDC share of reserves”. The cost of reserves varies depending on the direction of the transfer, the poles in service, the reserves quantities potentially being carried and the price of reserves.

Other direct transmission expenditure includes investigations work that the Group conducts and the cost of running the Group’s communications network. Investigations relate to feasibility study costs prior to any commencement of a capital project.

Information technology costs include such items as software licences, maintenance, application support and project investigations.

Other business support costs include such items as legal fees, office equipment, communications, vehicles, travel and consultants.

Operating lease and rental costs comprises predominantly the leases of the Group’s administrative buildings and various communication equipment.

4. NET FINANCE COSTS

	UNAUDITED	UNAUDITED
	6 MONTHS 31 DEC 2009 \$000	6 MONTHS 31 DEC 2008 \$000
Finance revenue		
Interest received	(1,634)	(3,562)
Finance costs		
Interest paid and associated fees	47,265	41,247
Cross border lease expenses	(1,514)	2,351
Capitalised interest	(13,345)	(7,834)
Imputed interest	1,903	2,838
Lease costs	-	-
Dividends received	-	-
	34,309	38,602
Total net finance costs	32,675	35,040

Interest Paid and Associated Fees

All interest paid is on financial instruments designated as fair value through profit or loss.

Imputed Interest

Imputed interest relates to new investment agreements and cross border leases.

Notes to the Financial Statements (continued)

For the six months ended 31 December 2009

5. CHANGE IN FAIR VALUE OF FINANCIAL INSTRUMENTS	UNAUDITED	UNAUDITED
	6 MONTHS 31 DEC 2009 \$000	6 MONTHS 31 DEC 2008 \$000
Accounting hedges		
Fair value movement forward exchange contracts hedge accounted	(15,727)	2,647
Fair value movement hedge commitment	15,965	(2,516)
	238	131
Other		
Fair value movement foreign debt	33,051	(335,351)
Fair value movement cross currency interest rate swaps	(56,584)	310,092
Fair value movement foreign interest rate swaps	705	24,829
Fair value movement basis swaps	(240)	135
Fair value movement interest rate options	(72)	(933)
Fair value movement NZD interest rate swaps	(2,774)	(211,219)
Fair value movement forward exchange contracts not hedge accounted	(3,552)	4,549
Fair value movement investments	(323)	1,110
Fair value movement NZD debt	(9,513)	(44,792)
	(39,302)	(251,580)
Total fair value gain (loss)	(39,064)	(251,449)

The Group experiences net fair value movements principally through movements in underlying interest rates. The Group generally seeks to fix interest rates to provide certainty of interest rate costs. This means that, prima facie, a decrease in market interest rates will result in the Group sustaining fair value losses, and conversely, an increase in market interest rates will result in fair value gains.

Foreign Purchases

The Group hedges against foreign currency fluctuations on certain foreign purchases through the use of forward exchange contracts. The "hedge commitment" represents the non derivative fair value movement on the commitment to buy the goods, i.e. before the goods or an invoice are received. Note that, although all forward exchange contracts are used for economically hedging foreign purchases, not all forward exchange contracts are hedge accounted.

Debt and Investments

Refer to Note 8 Financial Instruments for further information on the use of debt, investments and derivatives.

Notes to the Financial Statements (continued)

For the six months ended 31 December 2009

6. PROPERTY, PLANT AND EQUIPMENT	HVAC TRANSMISSION LINES	HVDC TRANSMISSION LINES	HVAC SUBSTATIONS
	\$000	\$000	\$000
At 31 December 2009			
Cost	1,157,152	72,891	1,290,112
Accumulated depreciation	(207,371)	(24,219)	(262,324)
Net book value	949,781	48,672	1,027,788
At 30 June 2009			
Cost	1,122,520	72,891	1,215,995
Accumulated depreciation	(189,488)	(22,326)	(240,641)
Net book value	933,032	50,565	975,354
At 31 December 2008			
Cost	1,126,420	71,235	1,150,230
Accumulated depreciation	(171,742)	(20,448)	(216,297)
Net book value	954,678	50,787	933,933
31 December 2009 reconciliation			
Opening net book value (1 July 2009)	933,032	50,565	975,354
Additions/transfers	77,912	-	75,689
Disposals/transfers	(28,714)	-	(613)
Impairment	(14,000)	-	-
Depreciation	(18,449)	(1,893)	(22,642)
Closing net book value	949,781	48,672	1,027,788
30 June 2009 reconciliation			
Opening net book value (1 July 2008)	953,069	52,683	908,999
Additions/transfers	41,056	1,734	119,043
Disposals/transfers	(23,762)	(75)	(4,560)
Impairment	-	-	-
Depreciation	(37,331)	(3,777)	(48,128)
Closing net book value	933,032	50,565	975,354
31 December 2008 reconciliation			
Opening net book value (1 July 2008)	953,069	52,683	908,999
Additions/transfers	26,643	-	49,218
Disposals/transfers	(5,512)	(19)	(2,146)
Impairment	-	-	-
Depreciation	(19,522)	(1,877)	(22,138)
Closing net book value	954,678	50,787	933,933

Administration assets include computer hardware, plant, equipment, furniture and motor vehicles.

Land and buildings are contained within the above classes and have a value of \$235.0 million (December 2008: \$261.8 million, June 2009: \$255.4 million).

System Operator Assets Impairment

In the six months to December 2009, \$1.4 million of impairment expense relating to System Operator assets was reversed. The impairment related particularly to the recoverable amount of the Market Systems Project (MSP).

HVDC SUBSTATIONS AND SUBMARINE CABLES	COMMUNICATIONS	ADMINISTRATION ASSETS	CAPITAL WORK IN PROGRESS	TOTAL
\$000	\$000	\$000	\$000	\$000
324,114 (151,761)	127,517 (54,897)	96,104 (54,357)	496,131 -	3,564,021 (754,929)
172,353	72,620	41,747	496,131	2,809,092
323,853 (144,642)	107,430 (49,080)	82,002 (49,375)	471,391 -	3,396,082 (695,552)
179,211	58,350	32,627	471,391	2,700,530
323,257 (136,489)	101,304 (42,466)	77,573 (44,858)	355,502 -	3,205,521 (632,300)
186,768	58,838	32,715	355,502	2,573,221
179,211 2,234 (673) - (8,419)	58,350 20,097 (4) - (5,823)	32,627 14,229 (67) - (5,042)	471,391 25,988 (2,671) 1,423 -	2,700,530 216,149 (32,742) (12,577) (62,268)
172,353	72,620	41,747	496,131	2,809,092
191,709 4,585 (303) - (16,780)	60,287 10,162 (228) - (11,871)	34,456 8,512 (41) - (10,300)	331,338 146,572 (319) (6,200) -	2,532,541 331,664 (29,288) (6,200) (128,187)
179,211	58,350	32,627	471,391	2,700,530
191,709 3,599 (162) - (8,378)	60,287 3,472 (99) - (4,822)	34,456 4,310 (272) - (5,779)	331,338 30,364 - (6,200) -	2,532,541 117,606 (8,210) (6,200) (62,516)
186,768	58,838	32,715	355,502	2,573,221

Notes to the Financial Statements (continued)

For the six months ended 31 December 2009

6. PROPERTY, PLANT AND EQUIPMENT continued

The MSP was commissioned in July 2009 and financially closed out in October 2009. An agreement with the Electricity Commission that set the value of the MSP was signed in August 2009.

Previously, Transpower had impaired a total of \$35.0 million relating to the MSP, with \$6.2 million occurring in the period ended 31 December 2008.

North Island Grid Upgrade Project

Transpower has purchased 80 properties along the route of the line being constructed between Whakamaru and south Auckland as at 31 December 2009. The line has been approved by the Electricity Commission on 5 July 2007, with designation and resource consenting occurring through the Board of Inquiry on 18 September 2009. The total spent on land at 31 December is \$152 million, with easements and related charges estimated at \$88 million.

For regulatory purposes, Transpower does not intend to charge customers for losses (or rebate any gains) from movements in property values, where the property was purchased solely to obtain an easement. Only easements and related costs from these properties would be charged to customers.

The Board of Inquiry is now completed successfully, and a significant number of easements have been valued and registered. Transpower has determined that each property is an individual Cash Generating Unit. Given the general downturn in the property market, Transpower has estimated an impairment charge of \$14.0 million for the expected gross loss on its properties when it eventually sells the properties.

In addition to the impairment on properties not yet being marketed for sale, certain properties are classified as held for sale, and a loss of \$4.6 million has been recognised on those properties.

Notes to the Financial Statements (continued)

For the six months ended 31 December 2009

7. NON CURRENT DEBT	UNAUDITED	UNAUDITED	AUDITED
	31 DEC 2009 \$000	31 DEC 2008 \$000	30 JUN 2009 \$000
Bonds	299,628	341,757	289,872
Euro Medium Term Notes	689,498	1,039,176	710,704
Other long term debt	101,438	-	-
US Private Placement	149,053	224,736	163,753
	1,239,617	1,605,669	1,164,329
Less current portion of long term debt	(103,242)	(201,840)	-
Total long term debt	1,136,375	1,403,829	1,164,329
One to five years	703,181	400,013	353,127
Greater than five years	433,384	1,003,816	811,202
Total long term debt	1,136,565	1,403,829	1,164,329

Debt is reported at fair value and therefore reflects fair value movements due to interest rate and exchange rate fluctuations.

The nominal value of debt at 31 December 2009 converted into New Zealand dollars by the actual cross currency swaps entered into at the time the debt was raised was \$1,345.2 million (31 December 2008: \$1,229.4 million, 30 June 2009: \$1,226.5 million).

8. FINANCIAL INSTRUMENTS

Derivative Financial Instruments that Manage Currency, Interest Rate and Liquidity Risk

Interest Rate Swaps

Interest rate swaps are used to change the interest rate structure on physical debt or related cross currency swaps issued by the Group. The interest rate on debt is either converted from floating rate to fixed rate or vice versa through entering into interest rate swaps.

The notional gross contract amounts of interest rate swaps outstanding at balance date, by maturity banding, are:

	UNAUDITED	UNAUDITED	AUDITED
	31 DEC 2009 \$000	31 DEC 2008 \$000	30 JUN 2009 \$000
Within one year	100,000	309,500	170,000
One to two years	5,000	100,000	100,000
Two to five years	607,148	166,500	211,500
Greater than five years	3,020,000	3,501,063	3,354,500
Total interest rate swaps	3,732,148	4,077,063	3,836,000

Notes to the Financial Statements (continued)

For the six months ended 31 December 2009

8. FINANCIAL INSTRUMENTS continued**Cross Currency Interest Rate Swaps**

Cross currency interest rate swaps are used to convert foreign currency denominated debt issued by the Group into New Zealand dollar denominated debt. Cross currency interest rate swap contracts eliminate foreign currency risk on the underlying debt by determining the New Zealand dollar equivalent of the interest payments and final principal exchange at the time of entering into the contract.

The notional gross contract amounts of cross currency interest rate swaps outstanding at balance date, by maturity banding, are:

	UNAUDITED	UNAUDITED	AUDITED
	31 DEC 2009	31 DEC 2008	30 JUN 2009
	\$000	\$000	\$000
Pay leg			
Within one year	-	166,938	-
One to two years	98,400	-	-
Two to five years	497,471	251,963	251,963
Greater than five years	164,474	508,382	508,382
	760,345	927,283	760,345
Receive leg			
Within one year	-	(201,562)	-
One to two years	(74,538)	-	-
Two to five years	(562,884)	(273,256)	(245,761)
Greater than five years	(137,732)	(662,825)	(578,369)
	(775,154)	(1,137,643)	(824,130)

Interest Rate Options

The Group enters into interest rate options to manage interest rate repricing risk. The Group purchases interest rate options to manage the impact on finance costs arising from floating rate debt if interest rates were to rise in the future. In the normal course of interest rate management, the sale of interest rate options is restricted by the requirement to simultaneously purchase an interest rate option.

The notional gross contract amounts of interest rate options outstanding at balance date, by maturity banding, are:

	UNAUDITED	UNAUDITED	AUDITED
	31 DEC 2009	31 DEC 2008	30 JUN 2009
	\$000	\$000	\$000
Within one year	-	-	-
One to two years	-	-	-
Two to five years	-	-	-
Greater than five years	100,000	100,000	100,000
Total interest rate options	100,000	100,000	100,000

Notes to the Financial Statements (continued)

For the six months ended 31 December 2009

8. FINANCIAL INSTRUMENTS continued**Basis Swaps**

Basis swaps are used to eliminate currency risk when the Group issues bonds in a foreign currency. In a basis swap, the Group receives the offshore currency floating interest rate and pays the New Zealand dollar floating interest rate (BKBM). By undertaking basis swaps, all foreign currency denominated debt is effectively converted into a BKBM exposure.

The notional gross contract amounts of basis swaps outstanding at balance date, by maturity banding, are:

	UNAUDITED	UNAUDITED	AUDITED
	31 DEC 2009 \$000	31 DEC 2008 \$000	30 JUN 2009 \$000
Within one year	-	-	-
One to two years	-	-	-
Two to five years	-	-	-
Greater than five years	-	25,000	25,000
Total basis swaps	-	25,000	25,000

Foreign Exchange Forward Contracts

The Group uses foreign exchange forward contracts to fix the New Zealand dollar cost of foreign denominated capital equipment and stock purchases.

The notional gross contract amounts of foreign exchange forward contracts outstanding at balance date, by maturity banding, are:

	UNAUDITED	UNAUDITED	AUDITED
	31 DEC 2009 \$000	31 DEC 2008 \$000	30 JUN 2009 \$000
Within one year	105,651	57,526	55,297
One to two years	179,345	8,232	-
Two to five years	40,048	-	-
Greater than five years	-	-	-
Total foreign exchange forward contracts	325,044	65,758	55,297

9. OPERATING LEASE COMMITMENTS

	UNAUDITED	UNAUDITED	AUDITED
	31 DEC 2009 \$000	31 DEC 2008 \$000	30 JUN 2009 \$000
Commitments in respect of non-cancellable operating leases payable:			
Within one year	5,107	5,653	6,407
One to two years	3,069	4,689	3,453
Two to five years	9,184	11,024	9,189
Greater than five years	1,283	4,393	2,824
Total operating lease commitments	18,643	25,759	21,873

Notes to the Financial Statements (continued)

For the six months ended 31 December 2009

10. CAPITAL COMMITMENTS	UNAUDITED	UNAUDITED	AUDITED
	31 DEC 2009 \$000	31 DEC 2008 \$000	30 JUN 2009 \$000
Capital commitments in respect of contracts for capital expenditure:			
Within one year	350,935	92,582	64,934
One to two years	240,255	-	-
Two to five years	179,118	-	-
Greater than five years	2,066	-	-
Total capital commitments	772,374	92,582	64,934

11. RECONCILIATION OF "NET PROFIT (LOSS)" WITH "NET CASHFLOW FROM OPERATIONS"	UNAUDITED	UNAUDITED
	6 MONTHS 31 DEC 2009 \$000	6 MONTHS 31 DEC 2008 \$000
Net profit (loss)	60,268	(108,489)
Add (deduct) non-cash items:		
Depreciation and amortisation	66,703	65,150
Deferred tax	2,958	(57,401)
Impairment	17,177	6,544
(Gain) loss in the fair value of financial instruments	39,064	251,449
Net gain on foreign exchange	(2,717)	2
Imputed interest	1,903	2,838
Movements in working capital items:		
Decrease (increase) in trade and other receivables	(16,702)	(34,680)
Decrease (increase) in inventory	(5,807)	(3,290)
(Decrease) increase in trade and other liabilities, interest payable and deferred income	(55,384)	(37,284)
(Decrease) increase in taxation payable	(7,201)	(18,757)
(Decrease) increase in provisions	(4,406)	(4,681)
Add (deduct) items classified as investing activities:		
Fixed asset write-offs and loss on sale	2,822	3,451
Capitalised interest	(13,345)	(7,834)
Net cash flow from operations	85,333	57,018



Notes to the Financial Statements (continued)

For the six months ended 31 December 2009

12. CONTINGENCIES

(i) Guarantees

Cross border lease

The Group has partially terminated the cross border lease in respect of the majority of the HVAC transmission assets in the South Island. As a result of the partial termination, NZPCL has been consolidated.

Transpower has recognised an NCI in relation to NZPCL. The substance of the transaction is such that Transpower rather than the NCI would be responsible for any shortfall between the value of the asset and the liability.

More detail on the cross border lease is contained within Note 14.

Debt

Transpower and, in some cases, certain subsidiaries have provided guarantees in respect of loan arrangements for the Bonds, Euro Medium Term Notes, Australian Medium Term Notes and US Private Placement.

The likelihood of losses in respect of these matters is considered to be remote.

(ii) Economic Gain (Loss) Account

Transpower operates its revenue setting methodology within an Economic Value ("EV") framework that analyses economic gains and losses between those attributable to shareholders and those attributable to customers. The balance of the accumulated gain (loss) from monopoly activities attributable to customers ("the EV balance") has been passed on to or claimed from customers over time.

The net balance of the EV account at 30 June 2009 was \$6.0 million to the credit of the customer.

This balance is comprised of an AC customer credit balance of \$108.8 million and a HVDC customer debit balance of (\$102.8 million).

(iii) New Zealand Aluminium Smelter Ltd

The aluminium smelter owned by New Zealand Aluminium Smelter Ltd (NZAS) suffered a transformer failure on 9 November 2008. The transformer was owned by NZAS Ltd. As a result of that failure, a force majeure notice was issued to Meridian Energy Ltd (Meridian) on 10 November 2008.

On 24 March 2009, Meridian notified Transpower that, if a force majeure event is established, Meridian would wish to invoke a clause in its contract in relation to the transmission charges paid by Meridian to Transpower relating to the aluminium smelter.

Transpower does not believe that the transformer failure is a force majeure failure.

Meridian and NZAS are proceeding to arbitration.

Notes to the Financial Statements (continued)

For the six months ended 31 December 2009

12. CONTINGENCIES continued

In the event that the Arbitrator finds the transformer failure is a force majeure event, Transpower may be required to repay transmission charges to Meridian of approximately \$13 million to the end of December 2009.

(iv) Kapiti High Voltage Coalition

The Kapiti High Voltage Coalition (KHVC), a group of 24 Kapiti landowners, has filed proceedings in the High Court in relation to reconductoring works carried out on the Mangahao Paekakariki A and B lines before and during 2003. KHVC:

- seeks to judicially review the Kapiti Coast District Council's decisions to grant a 1998 certificate of compliance and a 2002 resource consent for the works
- alleges trespass on the basis that Transpower's entry onto KHVC member properties was not authorised by s23(3) of the Electricity Act 1992.

If the Council decisions are set aside, Transpower will need to secure new consents. If the trespass claim is successful, Transpower may not be able to access the works (or at least part of them) without obtaining easements, and further damages claims might be brought, including by non-KHVC members.

(v) Various Other Lawsuits, Claims and Investigations

Various other lawsuits, claims and investigations have been brought or are pending against the Group. The Directors of Transpower cannot reasonably estimate the adverse effect (if any) on the Group if any of the foregoing claims are ultimately resolved against the Group's interests. None of these potential claims is believed to be material.



Notes to the Financial Statements (continued)

For the six months ended 31 December 2009

13. SEGMENT REPORTING

The Group has three reportable (business) segments, being transmission, other regulated activities and unregulated activities. The Group does not have any reportable geographical segments.

The transmission segment concerns the transmission of electricity from the point of generation to the point of connection. Properties along the route between Whakamaru and south Auckland have been considered part of the Transmission Segment, given the reason for their acquisition was to enable the construction of a line along that route.

Other regulated activities is the System Operator. The System Operator provides real-time services to ensure the short-term security of the New Zealand electricity system.

Unregulated activities comprises the following:

- Cross border lease-related income and expenditure – more information on the cross border lease is contained within Note 14.
- EMS – established in 1998 as a separate legal entity to provide reconciliation and metering services.
- d-cyphaTrade – established as a separate company on 1 August 2007, previously part of EMS. The company, operating in Australia, provides services to the Australian electricity derivatives market. It does not take positions in the market.
- Risk Reinsurance – established in 2001 to provide insurance services to the Group.
- Other unregulated activities.

Segment results, assets and liabilities are allocated using the ACAM method (avoidable cost allocation methodology). This methodology is used to prepare the financial statements of the Transpower lines (transmission) business. These financial statements are required by the Commerce Commission's Electricity Information Disclosure Requirements 2004. The ACAM methodology is required by, and explained in, the Commerce Commission's *Electricity Information Disclosure Handbook*.

Major Customers

Two external customers contribute 35 per cent of total Group revenue.

Notes to the Financial Statements (continued)

For the six months ended 31 December 2009

13. SEGMENT REPORTING continued	TRANSMISSION		OTHER REGULATED ACTIVITIES	
	2009 \$000	2008 \$000	2009 \$000	2008 \$000
Income Statement				
Operating revenue – external customers	327,534	311,931	13,379	11,247
Operating revenue – inter-segment	6,275	-	-	-
Net finance costs	34,905	32,919	-	-
Depreciation and amortisation	64,346	63,554	2,197	1,430
Impairment	18,600	344	(1,423)	6,200
Fair value gain (loss) on financial instruments	(44,313)	(252,559)	-	-
Income tax expense (credit)	6,363	(55,689)	(185)	(1,842)
Net profit (loss)	13,767	(114,877)	(432)	(4,298)
Balance Sheet				
Total assets	3,078,498	3,028,186	46,957	41,678
Capital expenditure	236,252	113,399	3,115	16,477
Total liabilities	1,720,734	1,925,811	26,390	25,898

14. CROSS BORDER LEASES

Cross Border Lease

The Group has partially terminated the 2003 cross border lease in respect of the majority of the HVAC transmission assets in the South Island.

As a result of the partial termination, Transpower has:

- recognised the remaining income in advance relating to the cross border lease, bringing the total cross border lease revenue recognised in the period to \$27.8 million.
- consolidated a special purpose vehicle NZPCL. NZPCL has a deposit with a financial institution and a loan from another financial institution. The cash flows from the deposit and loan offset.

The loan and the deposit are recognised at fair value in the Group financial statements. The fair value of the deposit is \$92.6 million. The fair value of the loan is \$101.4 million. The difference between the asset and liability of \$8.8 million is due to the credit spread between the financial institutions holding the deposit and the loan to NZPCL. The loan to NZPCL is guaranteed by Transpower.

As Transpower has no legal ownership interest in NZPCL, the net liabilities and any movements in net liabilities are recognised as Non Controlling Interests (NCIs).



UNREGULATED ACTIVITIES		ELIMINATIONS		TOTAL	
2009 \$000	2008 \$000	2009 \$000	2008 \$000	2009 \$000	2008 \$000
37,092	15,200	-	-	378,005	338,378
6,530	6,050	-	-	12,805	6,050
(2,230)	2,121	-	-	32,675	35,040
160	166	-	-	66,703	65,150
-	-	-	-	17,177	6,544
5,249	1,110	-	-	(39,064)	(251,449)
20,517	4,420	-	-	26,695	(53,111)
46,933	10,686	-	-	60,268	(108,489)
198,267	106,492	(12,641)	(9,352)	3,311,081	3,167,004
31	76	-	-	239,398	129,952
113,693	16,225	-	-	1,860,817	1,967,934

Notes to the Financial Statements (continued)

For the six months ended 31 December 2009

15. SUBSEQUENT EVENTS

The Directors are not aware of any matter or circumstance since 31 December 2009 that has significantly or may significantly affect the operations of the Group.

16. SIGNIFICANT ESTIMATES OR JUDGEMENTS

Judgements

Impairment on property assets

A significant judgement made in applying the Group's accounting policies was in relation to the impairment made of \$14 million on Transpower's property assets. The impairment has been based on recent valuations of a cross section of properties owned. The properties relate to those on the North Island Grid Upgrade Project (NIGUP) route between Whakamaru and south Auckland purchased for the purposes of establishing easements and then on-selling.

New Zealand Power Cayman Ltd

As part of the partial termination of the Cross Border lease over the majority of the South Island HVAC assets, Transpower has made the judgement that it is now required to consolidate a Cayman Islands-based entity, NZPCL. More information on NZPCL is contained within Note 14.

Estimations

Dismantling provision

An estimate and assumption made regarding future events was in relation to Pole 1 equipment dismantling provision. This provision has a balance at 31 December 2009 of \$15.7 million (30 June 2009: \$17.3 million). The nature and uncertainty of this provision is discussed in Note 17 in the 30 June 2009 Financial Statements.

Properties available for sale

An estimate has been made on the values of the properties that are classified as available for sale. These are properties purchased along the NIGUP route. Transpower has used recent valuations to establish the expected net realisable value of this land.

Fair values of debt, derivatives and deposits

A key estimate is in relation to the fair values of Debt, Derivatives and Deposits. Fair values are determined upon discounting cashflows based upon the relevant yield curve. The yield curve is adjusted to reflect the credit spread of the counterparty to the transaction. These valuations are considered level two in the NZIFRS three level valuation hierarchy.

Directory

Board of Directors

CHAIRMAN
WAYNE BROWN

DEPUTY CHAIRMAN
IAN DONALD

DIRECTORS
DR DON BRASH
ABBY FOOTE
GREGORY FORTUIN*
IAN FRASER
JOHN IRVING
MIKE POHIO
ELENA TROUT

*RESIGNED 31 JULY 2009

Executive Management Team

CHIEF EXECUTIVE
PATRICK STRANGE

CHIEF ENGINEER
BOB SIMPSON

**GENERAL MANAGER
CORPORATE AFFAIRS**
CYNTHIA BROPHY

**GENERAL MANAGER
CORPORATE SERVICES**
HOWARD CATTERMOLLE

**GENERAL MANAGER
GRID DEVELOPMENT**
JOHN CLARKE*

**GENERAL MANAGER
GRID PERFORMANCE**
DAVID BREWER

**GENERAL MANAGER
GRID PROJECTS**
MIKE CARTER

**GENERAL MANAGER
INFORMATION SERVICES
AND TECHNOLOGY**
JIM TOCHER

**GENERAL MANAGER
PEOPLE AND PERFORMANCE**
STUART LOW

**GENERAL MANAGER
SYSTEM OPERATIONS**
KIERAN DEVINE

* APPOINTED AUGUST 2009

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