

NZGA Newsletter for May 2005

Dear members,

It is now almost 6 months since the AGM. High time to update you with the activities of the board and to seek your input on several matters.

Farewell to the Previous Board Members

December saw the retirement of Andy Bloomer, Brian Jones, Chris Gilbert, Greg Ussher, John O'Sullivan, Katherine Luketina, Noel Kortright, Steven White, Ted Montague and Tony Gray of our previous board and also Jim Lawless as President, Ed Mroczek as Secretary and Mike Dunstall as Treasurer. The NZGA has benefited from the solid input of these people over the years. Thank you.

Introduction to the New Board

The new board and executive was elected and for your information they are: Colin Harvey (President), Mike Mongillo (Vice President), Alison Jappinen (Secretary), Bruce Carswell (Treasurer), Jim Lawless (Past President), Alastair Maxwell, Greg Raasch, John Bottomley, John Burnell, Judith Magyari, Kevin Brown, Mike Glucina, Murray Stanley, Pat Brown and Stuart Simmons.

This substantial change in board members highlighted a weakness in our constitution since many board members had been elected and served identical terms of 6 years. Consequently we lost a lot of board collective memory in one hit. Because of this, your new board has proposed changes to the constitution whereby a few board members will now retire annually, thereby ensuring continuity for the future.

Election of Honorary Members

At the AGM we elected Manfred Hochstein, Trevor Hunt and Derek Freeston as Honorary Members of the NZGA. Congratulations to all of you and many thanks for your years of dedicated service to the Association.

Fundraising and Election of the Executive Officer

A highlight of the AGM also was the establishment of the position of Executive Officer. Over \$50,000 was donated by various companies, consultancies and local bodies and we were delighted to appoint Brian White, a former Board member, to the position for the 2005-6 year. The contract of appointment was signed in Wellington on March 1st 2005.

Brian's role is to support the activities of the NZGA and its Action Plan. An important component of this role is to ensure that NZGA is established and operated along business lines and that NZGA is positioned strongly in the commercial market. He provides a contact point for issues related to

geothermal resource use and liaises with key local and central government bodies as appropriate.

Payments to date for base activities and commissioned activities suggest our outgoings for the Executive Officer over the period of a year are likely to be between \$40,000 and \$45,000.

Members' attention is drawn to the tasks that Brian has already undertaken and stress the fact that through his presence we are already raising awareness of the benefits of geothermal in a range of government organisations and this will benefit our membership.

NZGA will also be contributing to the costs for two people to attend IGA Board meetings each year, with the view to represent New Zealand interests and to maximise benefit to NZGA members from IGA membership.

Another major activity for this year is the annual Seminar and Geothermal Workshop.

It is proposed to have a three day event with one day for a public awareness/education workshop (probably Wednesday); one day of technical sessions (Thursday - the Geothermal Workshop) and the NZGA seminar on the Friday). With these and other projects in mind (as outlined in the Action Plan), the NZGA will continue to seek sponsorship from other parties in the wider geothermal community.

NZGA Sponsors

We would like to acknowledge the generous support of our sponsors who include:

Contact Energy, Mighty River Power, Tuaropaki Power Company, Geodynamics, Geological and Nuclear Sciences, PB Power, SKM, Environmental Management Services, TrustPower and Bay of Plenty Electricity.

Collaboration with the IRD over the proposed Carbon Charge

All board members interacted with Brian on this issue. In summary, IRD approached the NZGA through Brian White in February with a preliminary consultation document on carbon charge application to geothermal energy for comment. This was distributed to the Board and further afield for comment, and a co-ordinated reply was sent on 2 March. Carbon charge recommendations proceeded to Cabinet, and although they continue to include a tax on geothermal generation and process heat (not at NZGA's recommendation), they now make no comment on taxes to changes in background levels.

The Government issued a public consultation document on 4 May 2005 (which can be found at

<http://www.taxpolicy.ird.govt.nz/publications/files/html/carbontax/c1.html>). The Government is inviting submissions by 8 July 2005.

Meetings with EECA

Alison, Brian and Colin met twice with EECA including an introductory seminar to EECA staff (Selwyn Blackmore, Fiona Weightman and Elizabeth.Yeamman) to raise their awareness of the activities of the NZGA.

Arising from these meetings, with continued input from Brian we have been awarded two contracts each of \$10,000 to:

1. Update the NZGA website, with a particular emphasis on provision of useful information on geothermal energy for public education purposes. The Board had decided that an earlier geothermal booklet project would instead be redirected to loading relevant information on the website.
2. Research the geothermal energy industry's personnel capability needs to meet current and future expansion requirements. As part of this project, EECA wants an updated contact list for consultants and service providers within the industry.

We will be seeking assistance from the members to undertake these tasks. By compiling a list of companies involved in geothermal we also see this as an opportunity to recruit more members.

EECA, through the NZGA, also sponsored \$4,000 for a local body officer, Katherine Luketina from Environment Waikato to attend the World Geothermal Conference in Turkey.

Board members are currently reviewing a Geothermal Fact Sheet for EECA and are also reviewing the geothermal section of a larger report on New Zealand renewable resources. Together, this will add to the pool of accessible knowledge about geothermal energy nationally.

Membership

Currently the NZGA has 119 individual members.

This year the Board has also introduced a new class of corporate membership. This provided organisations that could not readily justify sponsorship with an alternative way of supporting the NZGA. There is currently only one corporate member.

Environment Waikato

We continue to have input to geothermal issues with Environment Waikato's Regional Plan and its Policy Statement, primarily through Andy Bloomer. In

particular, we would like to note the considerable movement achieved through mediated sessions in terms of the geothermal resource allocation mechanism.

Media Releases

On February 15th at Contact's AGM Stephen Barrett announced a number of initiatives to raise generation at existing sites. This included plans to increase production to Wairakei and Poihipi stations giving approximately 35MW of additional geothermal capacity, plans for drilling to increase production at Ohaaki by 15 to 20MW, and the 15MW binary plant upgrade for Wairakei due for commissioning in June this year.

On March 3rd there was the public announcement by Doug Heffernan of the proposed \$1 billion expenditure on geothermal.

At the same time Jim Lawless presented a paper at the 7th Annual National Power Conference giving his personal view of the future of geothermal in New Zealand.

On April 15th Contact announced the Te Mihi drilling program of 4 wells was commencing to add about 18MW of generation to Wairakei and Poihipi stations under existing consents.

In May, the NZGA released a media statement on the New Zealand contingent attendance at the World Geothermal Congress, and the potential that geothermal energy will play in our future energy mix.

NZGA will get more press releases out promptly when such opportunities arise. Forthcoming opportunities should include the commissioning of the Wairakei Binary Plant and the extensions at Mokai.

Meeting with the Minister of Energy

A meeting has been agreed between the Minister of Energy and NZGA representatives (Brian White, Colin Harvey and Jim Lawless) and a date is being finalised.

World Geothermal Congress

Organised by the International Geothermal Association, the theme of this year's April 24-29 event was "Geothermal energy the domestic, renewable, green option."

Over 50 participants (including wives and partners) attended from New Zealand providing the opportunity to exchange ideas and information on an international scale and to develop closer collaborations with the international geothermal community including Iceland and the US. The conference also was a chance to catch up with a lot of former students of the Geothermal Institute from over 20 developing countries, many of whom have gone on to hold top positions in geothermal projects around the world.

On the suggestion of Ian Thain, who sadly missed the actual conference for health reasons, the New Zealand contingent hand-carried about 3 dozen bottles of New Zealand wine to Turkey and hosted a wine tasting event in the Exhibition Hall between the SKM and NZ Export Network booths. It was very well attended and enjoyed by all.



A possible surprise for many NZGA members at WGC may have been the extent to which the current growth in geothermal usage worldwide is by way of direct and low temperature use, including relatively low temperature electricity generation, co-firing for direct use, and ground source heat pumps in Europe. This is quite contrary to the trend in NZ and it is instructive to consider why that should be. One very obvious factor is the high prices being paid for renewable power in Europe. For example geothermal electricity generation in Germany can command a price of over 25cNZ/kWh. This is already making a difference in terms of the commercial availability of smaller sized/lower temperature generation plant and indicates what is possible in a culture of Government subsidies.

Progress in Maori Geothermal Interests

Members' attention is drawn to the current Waitangi Tribunal Central North Island inquiry into geothermal claims. This will allow final resolution. NZGA has noted that delays in hearing these claims have not stopped significant developments by Maori trusts such as those at Mokai and Rotokawa.

It is also noted that the Ngati Tuwharetoa (Bay of Plenty) Settlement Bill had its third reading in Parliament on 18 May 2005 and will come into force shortly. For an understanding of how this relates to the Kawerau geothermal field, see the following website

<http://www.beehive.govt.nz/wilson/nt/settlement.cfm>
<http://www.beehive.govt.nz/wilson/nt/settlement.cfm>

Other Activities for 2005

We propose to hold the **2005 NZGA Seminar in conjunction with the Geothermal Workshop** in Rotorua in November. A date will be finalised for this at the next board meeting but it is almost certain that it will be 9-11th November. Please make a note of this in your diaries. More details will be circulated shortly.

Best regards to all,

The executive and board of the NZGA

May 2005