

NZGA Newsletter – April 2006

Overview

With the relatively early AGM last year and the vacations it has been close to 4 months since our last newsletter. However, the communication and responses between board members has been really good and progress has been made on many varied issues.

An increased national awareness of the value and need for better and greater utilization of geothermal energy has meant that the NZGA is continuing to be asked for comment and involvement at the National level.

The board is delighted that the University of Auckland will again host the Geothermal Workshop in November 2006 in Auckland, jointly with the NZGA Seminar (November 15th-17th). It is also great news that the University will again offer classes at the Geothermal Institute in 2007.

This active geothermal environment is reflected in a healthy increase in NZGA membership of more than 20% over the past 12 months (currently close to 140 members).

Recent Meetings and Conference

1. Pat Brown, Andy Bloomer and Colin met in January to discuss the NZGA response to taxation issues on geothermal drilling. This was subsequently handled by Pat. See later comments on this issue. We would like to thank Pat on behalf of the NZGA for all his work in this.
2. Brian met with Akio Takahashi and Toshiaki Yuasa of the Institute of Energy Economics Japan to discuss the New Zealand energy scene and geothermal's role within that context on 29 November.
3. The meeting with the Minister of Energy David Parker was held on 8 February, with Brian, Jim and Colin present. The Minister expressed strong interest in geothermal and seemed to be particularly interested in the use of heat pumps.
4. Brian and Colin attended a luncheon organised by the Energy Federation on 9th February where the Minister of Energy presented a lunchtime discussion on energy policy. We had some brief general discussions with him over lunch.
5. Colin had several discussions with Professor Mike O'Sullivan and Jane Brotheridge about this years Geothermal Short Course/Workshop/Seminar. The University has also confirmed that the N.Z. Geothermal Institute will again offer classes in 2007.
6. There were at least seven board members at the official opening of the Mokai Power Station extension on 25 February. Our thanks go to Pat Brown, Brian Jones and

Tuaropaki, for the invitation and for subsequently hosting a visit by Board members after our recent Board meeting.

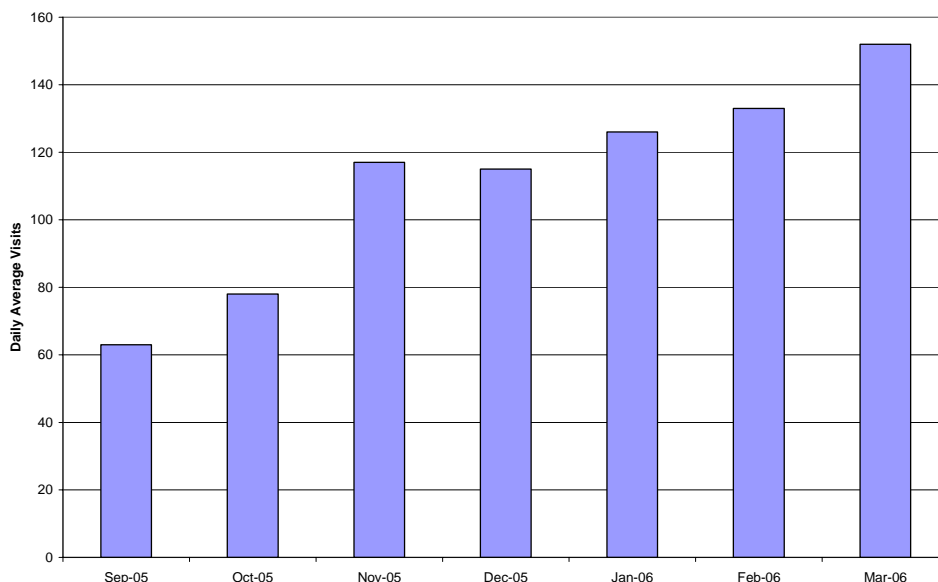
7. The CEO of GNS Science (Dr. Alex Malahoff) attended the National Power Conference 1-3 March and contributed positive comments on geothermal potential in a panel discussion on energy. Jim Lawless also participated in a panel discussion during the conference.
8. On March 8th Colin met with Allan Jellasic of the DOE in Washington to discuss their funding for geothermal. Unfortunately there is no confirmed budget for US Congress geothermal research for the coming year (starts October 1st 2006) and Allan was uncertain about the future for geothermal within the DOE.

Members, Systems and Structure

9. Brett O'Shaughnessy joined the Board immediately following the Annual General Meeting.
10. Judith Magyari has left TrustPower but continues in her role on the Board.
11. The membership list has been updated on a regular basis (the membership form has been updated and loaded on the website). Currently membership stands at 137 members (subscription notices have just been sent out) vs 113 members in January 2005.
12. By Law subcommittee is finalising changes to allow rotation of Board members as discussed at the AGM.
13. Previous (and some new) sponsors have been approached to continue NZGA sponsorship through this year. The response has been good, with most continuing or increasing sponsorship. New sponsors include Industrial Research Ltd and Century Resources Ltd.
14. Note that NZGA regards sponsorship as being of a "one-off" nature in any year. Hence we will not be approaching sponsors for further support of the Geothermal Workshop and NZGA Seminar. As sponsors of NZGA, they will be acknowledged as sponsors of the Workshop and Seminar. We have clearly indicated to the University that they should not approach our sponsors for Workshop sponsorship this year. However, if you are an NZGA sponsor but would like the marketing opportunity to sponsor drinks or satchels, or have a display at the event, then please feel free to contact either Auckland University (Stuart Simmons or Jane Brotheridge) or NZGA (Brian White). Auckland University is likely to be actively approaching other parties for this purpose.
15. Neville Dench Obituary
Manfred Hochstein and Dick Bolton have prepared an obituary for Neville Dench for the IGA News. Dick forwarded a draft to IGA that was included in the latest issue.

Issues and Projects

16. NZGA Website
The NZGA website (www.nzgeothermal.org.nz) has been regularly updated. While we do not have figures prior to our new service provider, current figures show that the site is well visited, now averaging around 150 visits per day. The most visited pages are the descriptions of fields and of generation, and the education pages provided by Contact and LEARNZ in early November. Less than half (possibly as low as 15%) of visits are from New Zealand users. The website is generating email queries, including initial media contacts. During the period, we were advised that the Domain Name was about to expire, so we have renewed registration of the name for a further 5 years.



17. Media Releases

A media report was prepared and released on 24 February covering the official opening of the Mokai Power Station extension. In addition, information was provided to the Spanish magazine *Energia & Empresa* for an international perspective on geothermal development.

18. Endorsements

Endorsements were provided for the recently held National Power Conference and for the upcoming New Zealand Energy Summit 17-18 July (for further information see <http://www.conferenz.co.nz/energysummit2006/index.htm>) and Securing NZ's Energy Future conference 26-28 July as discussed with the Board. For now, the Board has decided not to pick favourites and to raise geothermal's profile through both events.

19. New Zealand Energy Information Handbook – Chapter 7

NZGA received a request from the Centre for Advanced Engineering to provide an update of Chapter 7 of the Energy Handbook on Geothermal Energy. This small handbook originally published by James Baines is a useful reference for those involved in New Zealand energy research and reporting. Brian Lovelock and Jim Lawless provided the content.

20. Position Statement

Various board members were involved in fine tuning the NZGA Position Statement which was passed to the Minister of Energy in our February meeting. A copy of the present statement can be found on the website (see http://www.nzgeothermal.org.nz/publications/Submissions/2006Feb_NZGA_PS.pdf), and feedback is welcomed. This is an active document that needs to be updated regularly.

21. Submission on Taxation Treatment of Geothermal Wells

Pat Brown coordinated the NZGA submission (sent on 10 February) on geothermal well taxation in response to a discussion document issued by IRD in December. His succinct points have been taken up by IRD. Informal advice is that IRD has now moved towards a simple tax regime, including the ability to write off wells (with no distinction between exploration and production) based on the developer's own judgement about the success or failure of a well. Arguably, this may be a clarification of current practice for some companies, but it will give greater confidence for all investors in wells of favourable tax treatment.

22. Submission on National Policy Statement on Transmission

Brian made a brief submission (1 March) supporting efforts to assist the development and maintenance of the transmission system.

23. National Policy Statement on Generation
Consultation documents are expected in April.
24. Te Kopia Reassessment
On the basis of advice received on Te Kopia, the Board decided at the last meeting not to proceed with the appeal regarding its classification in the draft EW Plan. Following the reassessment of the Te Kopia field, and successful mediation of other key NZGA issues the Board decided at the last Board meeting to withdraw from the EW appeals.
25. Environment Waikato Plan and Policy Statement, Geotherm and Contact Appeals
In November NZGA formally withdrew from the EW appeal but we continue to monitor progress. The counsel for Contact has recently proposed a tight but workable timetable for 2006 geothermal hearings with the Environment Court.
26. Replacement of Carbon Tax
Over the period the Government has announced the abandonment of the Carbon Tax (see <http://www.climatechange.govt.nz/resources/cabinet/cbc-05-394.html>). Revised policy initiatives around renewables incentives are still awaited. There is still talk of a 'Son of Carbon Tax' to be applied to electricity generation, but all initiatives are embryonic.
27. NEECS and National Energy Strategy
The Government, through EECA and under the guidance of Jeanette Fitzsimons, continues with the revision of the National Energy Efficiency and Conservation Strategy. A replacement NEECS marked by a more aggressive approach has now been announced by Government. Preparations are being made for a National Energy Strategy terms of reference, with the goal of a draft strategy for consultation by August, and strategy finalisation by the first quarter of 2007.

Forthcoming Activities

28. Colin has been invited to speak at the Securing NZ's Energy Future conference 26-28 July. After circulation to board members, the NZGA has endorsed this event.
29. Brian and Colin have had discussions with various board members about possible topics for submission to EECA for support. These activities, which flow from the 2003 and 2005 Seminar Action Plan discussions will be formalised in a new Action Plan that will be published on the NZGA website.
30. Once the Action Plan is finalised we will be proceeding with the various activities agreed.
31. The 2006 Geothermal Workshop/NZGA Seminar.
Diary in the upcoming Geothermal Workshop and NZGA Seminar. The dates are 15th to 17th November and it will be held at the Conference Centre of the University of Auckland. Jane attended the March board meeting (standing in for Stuart Simmons) and it was confirmed that the Geothermal Institute Workshop will be back to the traditional format of 2 days of technical papers followed by the NZGA Seminar. The theme for the Workshop is "Pacific Rim Geothermal" while the theme for the Seminar is "Generation". For more details see <http://www.nzgw06.auckland.ac.nz>. NZGA will provide \$7,500 sponsorship for the joint event.

Our next Board meeting will be in July and we will aim to get another newsletter out shortly after that.

Best regards,

Brian White and Colin Harvey
April 2006