



25 January 2018

**Proposal to re-settle the Tauranga Energy Consumer Trust and cease to pay the TECT cheque to Trustpower customers in the Tauranga / Western Bay of Plenty region**

Attached is the market release from Trustpower in relation to the proposal to re-settle the Tauranga Energy Consumer Trust and cease to pay the TECT cheque to Trustpower customers in the Tauranga / Western Bay of Plenty region.

Infratil is a 51% shareholder in Trustpower.

Any enquiries should be directed to:

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Better together.

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**Proposal to re-settle the Tauranga Energy Consumer Trust and cease to pay the TECT cheque to Trustpower customers in the Tauranga / Western Bay of Plenty region**

The trustees of the Tauranga Energy Consumer Trust ("TECT") – a 26% shareholder in Trustpower – have announced their intention to consult on a proposal which will, in effect, move all the assets of TECT into a separate charitable trust and wind up TECT. TECT has advised that, as a result, Trustpower's electricity customers in the Tauranga / Western Bay of Plenty region who are the principal beneficiaries of TECT will, from a specified date (currently proposed by TECT to be from 2023), no longer receive their annual TECT cheque.

Although Trustpower has been in confidential discussions with TECT's trustees concerning their proposal, the only direct information that Trustpower has received in respect of the proposal announced by TECT is in their letter to us received late on 24 January (attached). TECT asked Trustpower to support this proposal, which we declined to do. Trustpower is aware that TECT has made various statements to media.

What the trustees are proposing to do will fundamentally and permanently change the nature and purpose of TECT. TECT was established in 1993 to hold Trustpower shares on trust to benefit Trustpower's electricity customers in the Tauranga / Western Bay of Plenty region. Even as Trustpower has grown and diversified its generation and retail business over the last 25 years, it has remained a local Tauranga business. Trustpower's relationship with TECT solidifies Trustpower's links to the Tauranga community, so that the success of Trustpower is the success of its local electricity customers.

Trustpower will therefore be scrutinising the impact of this proposal on its local customers, and will be seeking feedback from these customers before forming a view on what actions it should take in respect of this proposal. It will also be taking legal advice as to whether the trustees' proposed actions are lawful (given the fundamental change to the nature and purpose of TECT).

For further information, please contact:

Vince Hawksworth  
Chief Executive  
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24 January 2018

Vince Hawksworth, Chief Executive  
Trustpower Limited  
PO Box 12023  
**Tauranga 3143**

**RE: PROPOSED EVOLUTION OF TECT**

Dear Vince

As requested, we are writing to set out the details of the evolution proposal that the Trustee's will release for consultation at 5am on Thursday 25 January 2018. The proposal will be embargoed until that time.

The following is a summary of the main aspects of the proposal:

1. The assets of the Tauranga Energy Consumer Trust would be distributed or transferred to the TECT Charitable Trust, after a one-off \$2,500 payment to Consumers as outlined below.
2. TECT Charitable Trust's focus would be solely a provider of funds to community and charitable groups and over time Trustees would aim to triple the amount available for community projects and groups.
3. The TECT cheque programme would be as follows:
  - (a) Eligible Consumers would receive a one-off lump sum TECT cheque payment of \$2,500, representing about five years' payments based on the current average annual TECT cheque. The distribution would be made to Consumers who are customers of Trustpower in the TECT district on 1 January 2018, and remain so on 30 June 2018, and the payment would be made in 2018 (hopefully September) after the conclusion of the High Court process (or later if that takes longer than anticipated).
  - (b) Five more years of TECT cheques. \$20M will be distributed annually from 2018 through to 2022 (based on the number of 2017 eligible Consumers this equates to approximately \$360 per Consumer account). The distributions would be made to Consumers who are customers of Trustpower over a six-month period of 1 April to 30 September of each year through 2022. Payment would be made in November of each year, with the first payment made November 2018.
  - (c) After 2022, there would be no further Consumer cheques, and the Tauranga Energy Consumer Trust would be wound up.
4. From 2023, income would be distributed exclusively into Tauranga and Western Bay of Plenty community and charitable organisations.

TECT Consumers will be asked for feedback as part of a Consumer Consultative Procedure beginning on 25 January 2018. Consumers will be asked to make submissions by 4pm, 1 March 2018. Trustees at that point will make a decision on next steps.

Please let me know if you have any questions.

Regards

**TAURANGA ENERGY CONSUMER TRUST**

A handwritten signature in gold ink, appearing to read 'Wayne Werder', is positioned above the printed name and title.

Wayne Werder  
General Manager