

THE VIEW OF THE BIG GAS USER

LESSONS OF THE GAS CRISIS



CEDA

12 NOVEMBER 2008

SHIRLEY IN'T VELD

MANAGING DIRECTOR

Verve Energy sites



What is Verve Energy?

Emerged in 2006 following State electricity market reform

Biggest WA generation company – 3240MW

One major customer

What is Verve Energy?

586 employees

22 power stations

Diverse – coal, oil, gas, wind, wind-diesel, biomass, solar

Gas generates 35% of electricity



Our Capabilities - Assets

Ageing plant

Costly market penalties

\$100m asset maintenance investment



Our Capabilities - Fuel

Coal Wesfarmers sole supplier from 2010

Gas Supply/transport contracts to next decade

Oil Liquid burn impacts bottom-line



Our Capabilities - Financial

Biggest challenge is debt

Vesting Contract revenue below generating costs

Tariff increases and Vesting Contract review



Our Capabilities - Market

Verve Energy treated differently

Jan 2008 gas crisis highlighted Verve's role as "balancing energy provider"

3000MW cap



Impact of Crisis on Verve

State coordinated response – first of its kind

Call to restore Muja AB (4 x 60MW coal)

Increased diesel use (\$3M a day)

Liquid fuel stocks



Impact of Crisis on Verve

Unexpected 340MW outage

Winter maintenance

Business opportunities



Lessons to be Learnt

Replace old inefficient plant and improve efficiency of existing plant

Multi-supplier and multi-fuel approach

Additional gas and oil storage and supply chain



The View of the Big Gas User

