



MARKET RELEASE

Date: 31 May 2021

NZX: GNE / ASX: GNE

Genesis utilises Fixed Priced Option

Genesis Energy Limited (**GNE**) confirms that it has elected to make use of the \$35 per tonne Fixed Priced Option (**FPO**) to meet its calendar year 2020 carbon obligations under the New Zealand Emissions Trading Scheme (**ETS**). This has included Genesis electing to pay several fuel supply counterparties a cash payment of \$35 per tonne in lieu of providing stockpiled carbon units (**NZUs**), where contractual terms allowed this. The rationale for electing to use the FPO is our view that NZU carbon prices will be materially higher in future years than the current FPO. This is the final opportunity for emitters to use the FPO to meet their ETS obligations.

As a result, Genesis' carbon expense will be \$27 million higher in FY21 due to the FPO being at a higher price than the weighted average cost of the Genesis carbon stockpile of \$24 per tonne. This will lower EBITDAF in FY21 and increase it in subsequent financial years (as outlined in the table below) versus current assumptions and will deliver long term value for Genesis shareholders.

Changes in EBITDAF Resulting from the FPO

Financial Year	EBITDAF Change
FY21	(\$27 m)
Total FY21 to FY27 ¹	\$50m - \$100m

FY21 EBITDAF guidance, excluding use of the FPO, remains unchanged from February at \$415 million - \$425 million.

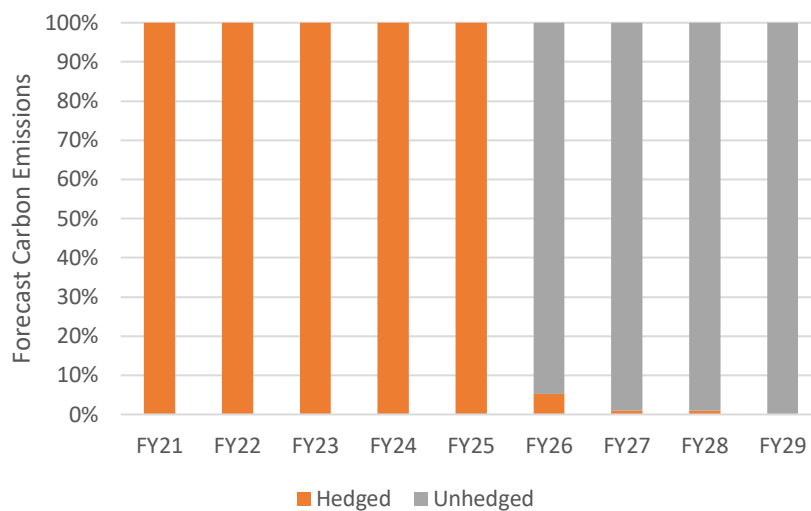
Carbon Hedge Position

Electing to use the FPO will allow the retention of an additional 2.2 million NZU's and will improve Genesis' future carbon hedge position, with forecast emissions now hedged through to FY27. Hedge position changes are outlined in the charts below.

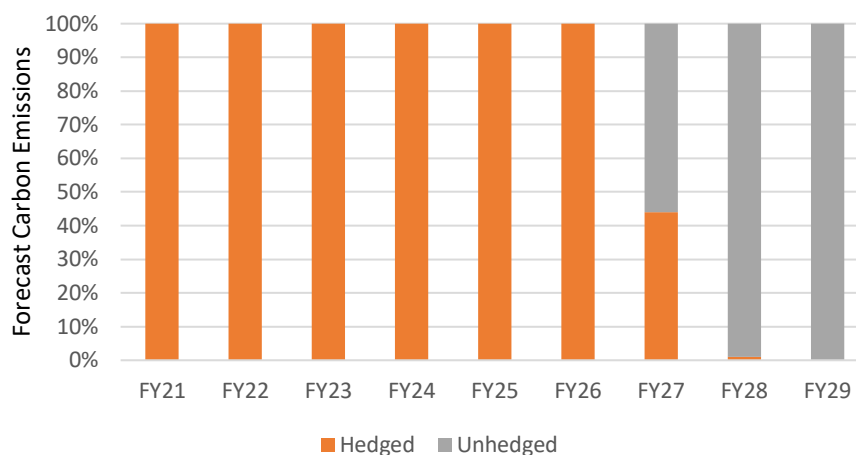
¹ Sum of total EBITDAF upside for years beyond FY21. Estimates calculated using a range of external carbon price paths.



Previous Carbon Hedge Position (Feb-2021)



Current Carbon Hedge Position (May-21)



About the Emissions Trading Scheme

The ETS is a mandatory emissions trading scheme where carbon emitters are required to measure and surrender NZUs to offset their emissions. Emitters are required to surrender units by 31 May each year to meet their obligations for the preceding calendar year.

The FPO gives emitters the option of paying a fixed price in lieu of surrendering NZUs. The \$35 per tonne FPO is only available for emissions in calendar year 2020. All future ETS obligations must be met with NZUs.

ENDS

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**About Genesis Energy**

Genesis Energy (NZX: GNE, ASX: GNE) is a diversified New Zealand energy company. Genesis sells electricity, reticulated natural gas and LPG through its retail brands of Genesis and Energy Online and is New Zealand's largest energy retailer with approximately 500,000 customers. The Company generates electricity from a diverse portfolio of thermal and renewable generation assets located in different parts of the country. Genesis also has a 46% interest in the Kupe Joint Venture, which owns the Kupe Oil and Gas Field offshore of Taranaki, New Zealand. Genesis had revenue of \$NZ2.6 billion during the 12 months ended 30 June 2020. More information can be found at www.genesisenergy.co.nz