

SHARING TRADE SECRETS

Calgary Company Major Stakeholder in New Zealand Power Sector

"Our two most important assets are our employees and our customers, not the physical assets." Alan Moon, President, TransAlta Energy Corporation

TransAlta, a Calgary-based power generation and transmission company, with assets exceeding \$5 billion, is set to become a major player in the New Zealand power sector. All its moves to date indicate this.

In 1992, the company formed a joint venture with Mercury Energy in Auckland to build a 114 megawatt power station in South Auckland, worth between NZ \$100-\$150 million. Subsequently, in late November, 1994, the company bought 20 per cent of Lower Hutt company Energy-Direct for NZ \$50 million and in December paid NZ \$120 million for 49 per cent of the City of Wellington's electricity company, Capital Power. The company has also formed a joint venture with Fletcher Challenge and is bidding on NZ \$ 1 billion worth of gas from the state-owned energy company ECNZ's Maui gas field, as well as ECNZ's proposed NZ \$400 million gas-fired power

station in Stratford.

TransAlta President said his company's success was due to its low operating costs, its commitment to servicing customers and its community-oriented attitude.

Following consultation with its New Zealand shareholders, TransAlta would appoint one or two Canadian managers to the board of Capital Power. Furthermore, TransAlta and Capital Power managers will take part in exchange programs to provide them with familiarization sessions about their respective technology.

"We'll always want to have New Zealand partners with us. We'll always have a set up with New

Zealand shareholders. The form of that New Zealand shareholding might vary from time to time but it was a cornerstone of the company's approach." Moon says, adding "We do not think we have management control. We and Capital Power are both driving the bus together."

One reason TransAlta invested so heavily in New Zealand was that country's cultural similarity to Canada. The government's initiatives to deregulate the electricity market were also a major attraction.

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EDC/EBRD Agreement to Boost Canadian Exports to Central and Eastern Europe

Canadian companies seeking business in emerging markets in Central and Eastern Europe will have better access to financing, according to Paul Labbé, president and chief executive officer of the Export Development Corporation (EDC). A new agreement, signed in last December between EDC and the European Bank for Reconstruction and Development (EBRD) will help Canadian companies pursuing projects in Central and Eastern Europe, increase their competitiveness. The agreement provides a formal framework for the selection, appraisal and management of co-financed projects, paving the way for increased participation by Canadian exporters. EDC will make loans, equity and credit guarantees available for projects financed by the EBRD.

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