

10 November 2023

Contact Energy: Tauhara commissioning update

Contact Energy is working through a range of commissioning issues at its Tauhara geothermal development, including the remediation of underperforming steam-field valves and liquid handling systems and the implications of a steam hammer event. Given the range of commissioning issues identified, some elements of the steam separation plant will require further design and modification. This work will have a consequential impact on the commissioning timeline previously communicated.

Contact now expects to have the plant online in Q3 2024 (from Q1 2024) at least at the initial design capacity of 152MW and is targeting the full planned output of 174MW at the plant's first planned outage following further optimisation and plant modifications.

CEO Mike Fuge said "While this outcome is not what we were targeting when we entered commissioning, this is the stage of any geothermal project when such unknowns will be brought to the fore and mitigations applied. We are working with the lead design consultant on the project to understand all contributing factors. The on-site team are experts in major infrastructure and geothermal development and will look for all opportunities to minimise the delay while ensuring process safety first on this multi-decade asset."

Contact is applying strategies to mitigate the deferral of this expected geothermal generation, in line with its commodity risk framework and confirmed there is no change to its FY24 normalised and expected EBITDAF guidance of \$600m. While the plant modifications will require a cost increase of up to \$40m, the project will still achieve an LRM of around \$75 per MWh¹. "Tauhara remains a stand-out renewable energy project and will be a fantastic long-term asset for New Zealand, generating attractive returns for Contact's shareholders."

- ends -

Investor enquiries

Shelley Hollingsworth
Investor Relations & Strategy Manager
+64 27 227 2429
shelley.hollingsworth@contactenergy.co.nz

Media enquiries

Louise Wright
Head of Communications and Reputation
+64 21 840 313
louise.wright@contactenergy.co.nz

¹ Assumptions include a capital cost of \$920m, broker consensus WACC of 7.5%; inflation of 2%; corporate tax rate of 28%; 35-year plant life; \$15/MWh operating costs; ~\$8m p.a. capex (with major mid-life capex smoothed) as at FID in February 2021.