



23 January 2025

Contact secures gas supply

Contact Energy has entered into a contract with OMV for the supply of natural gas from the Pohokura field from January 2026 to December 2032.

The contract remains conditional upon the receipt of the consent of the Minister given under section 41B of the Crown Minerals Act 1991.

The supplier forecast volume for the initial 12 months is ~3.5PJ, with forecast annual volume declining over the duration of the agreement¹. The new supply contract will go towards supporting Contact's planned operation of its two gas peaking units at Stratford and gas supply to retail customers. Contact's current contracts for supply from the Maui and Pohokura gas fields expire in December of 2024 and 2025 respectively.

With the underlying wholesale gas price up by over 50% since Contact's last long-term contracting process, pricing is materially higher resulting in an implied short-run marginal cost (gas and carbon) of more than \$200/MWh for electricity generated through the Stratford peakers.² This is in addition to ~\$50m per annum of fixed operating costs required to support the running of the peakers.³

"With an ongoing decline in domestic gas production, the long-term gas market has contracted, and this is reflected in a higher cost of electricity generation from gas. As more new intermittent renewable generation is built in New Zealand, flexible gas generation remains an important part of the system, keeping the lights on when the sun isn't shining and wind isn't blowing," said CEO Mike Fuge. "Securing gas supply is key to Contact's planned operation of its peaking assets in support of the energy transition."

As part of its strategy to lead the decarbonisation of New Zealand, Contact has a range of initiatives aimed at reducing reliance on its gas peakers. These include a 100MW grid-scale battery under construction at Glenbrook and two more in planning, as well as a range of mechanisms across commercial and industrial supply contracts and retail products to enable the management of peak electricity demand.

- ends -

Investor enquiries

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

Media enquiries

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

¹ The forecast annual gas delivery profile will be illustrated at Contact's interim FY25 results.

² Assumes carbon price of \$80/unit based on Contact's FY25 guidance assumptions and is expressed in 2025 real terms. Gas costs are inflation indexed.

³ Includes electricity and gas transmission, cash costs of the Ahuroa Gas Storage contract and operating expenses (direct and indirect). Excludes capital costs. Expressed in 2025 real terms.