

8 February 2022

Tauhara project update: increased renewable electricity output and improved market conditions, but costs expected to increase

Contact Energy says the development of the new Tauhara geothermal power station near Taupō is progressing well and is now expected to generate 168 megawatts, up from 152 megawatts when the investment was announced a year ago.¹

Contact CEO Mike Fuge said Tauhara would generate more renewable electricity than was initially forecast. “The way the power station has been designed means there is flexibility to deliver a higher generation capacity. Given that the reservoir of geothermal fluid is more productive than initially anticipated, we now expect to be able to deliver to the full design potential.”

He said the “excellent news” about the increased capacity was tempered by an increase in the overall costs of the Tauhara development, with project costs now expected to total \$818m, up \$140m from the initial estimate of \$678m.

“Obviously there are increased costs associated with the expansion in capacity and some of the complexities associated with delivering this increased capacity, but like every project across New Zealand we have some serious headwinds from the Covid19 pandemic to navigate which have impacted project costs.

“The pandemic’s tentacles reach far and wide and affect everything from increasing commodity prices, to finding the right people in an ever-tightening labour market, to the ongoing constraints impacting global supply chains.”

Mr Fuge said the Tauhara project was initially expected to be completed by the middle of 2023, but is now expected to be on-stream in the second half of 2023. “It is a small delay to accommodate the increased capacity – and we’re just being realistic and pragmatic about our timelines as we continue to navigate the pandemic-driven uncertainty.”

He said market demand for renewable energy had “markedly improved” in the past year.

“We’ve seen the emergence of multiple datacentre projects, process heat conversions ramping up, and strong appetite from industrial users for long-term electricity supply deals. The overall economics for a renewable development like Tauhara will be increasingly compelling.”

¹ The Tauhara power station is expected to replace 1.4 terawatt hours of thermal generation per annum from New Zealand’s electricity system, displacing over 500,000 tonnes per year of carbon emissions.

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1/ MORE INFORMATION:

Investors: Matt Forbes
matthew.forbes@contactenergy.co.nz
+64 21 072 8578

Media: Leah Chamberlin-Gunn
leah.chamberlin-gunn@contactenergy.co.nz
Ph 021 227 7991

2/ PRESENTATION:

Contact CEO Mike Fuge and CFO Dorian Devers are updating analysts, investors, and media on the Tauhara Project via a short presentation on Tue 8 Feb 2022 at 1.30pm. The webcast details are set out below.

Live webcast

- To attend the live presentation, please enter the webcast here: [LIVE EVENT LINK](#)
- The live presentation will start at 1.30pm NZST.
- We recommend all attendees install the Microsoft Teams application on their device as this offers seamless interaction, including superior sound and image quality
- If you would like to use your phone or tablet, you must have pre-installed the Microsoft Teams application (available on all platforms).
- You may ask a question following the conclusion of the formal presentation by using the 'Q&A' function at the top-right hand side of the screen when prompted. Your written questions will be moderated, read out and addressed on the call as appropriate.
- Microsoft Teams offers the ability to 'Watch on web instead' for laptops and desktop computers should you choose not to download the application (i.e. by clicking cancel when prompted to download the application). We recommend using the Chrome browser.

Replay

- An archived replay will be available on our website once the presentation has concluded.