

Release

Stock Exchange Listings NZX (MEL) ASX (MEZ)

Harapaki wind farm project update

24 August 2022

Meridian Energy is today providing an update on construction progress of its Harapaki wind farm in Hawkes Bay, highlighting an expected \$53m (13%) increase in costs. This will increase total project capital costs from the original \$395 million announced in February 2021 to \$448 million.

The original first power milestone of June 2023 and full power by June 2024 both remain on schedule in the project timeline, while the overall wind farm capacity of 176 MW is unchanged.

Meridian Energy Chief Executive Neal Barclay says multiple risks have eventuated since bulk earthworks started in September 2021 and their magnitude exceeded cost expectations.

“The first construction season at Harapaki has been one of the wettest on record, with more than a metre of rain on site in the last 3 months of 2021, while the first quarter of 2022 saw record rainfall totals and damage inflicted by Cyclone Dovi. We have enjoyed more favourable weather conditions since April 2022, which has helped maintain our overall programme, however that has required additional civil crews”.

Mr Barclay says the combined impacts of the COVID pandemic, inflationary pressures and resource constraints will impact the project’s overall costs. “The increase in inflationary pressures as well as poor weather and COVID have combined to deliver an unavoidable impact on our project. To maintain the project timeline, the team at Harapaki has also had to come up with innovative roading design, which adds cost but mitigates future risk and I acknowledge them and our wider contractor workforce in overcoming real adversity.”

“Harapaki’s economics remain very sound, and the renewable development outlook in New Zealand has been made even more compelling by the Government’s Emissions Reduction Plan released last month,” Mr Barclay says.

ENDS

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Meridian.

Harapaki Wind Farm Project Update

Project overview

- Located within the Hastings District, approximately 50km drive from Port Napier
- Extending over 9km of the Maungaharuru Range, covering 1,235 hectares
- Elevation ranges from 730m at the State Highway 5 entrance, up to 1,100m at the highest points
- Transpower's 220kV Whirinaki to Wairakei circuit passes across the corner of the site
- Meridian project delivery (not EPC)

Key suppliers



Supply, installation and maintenance of 41 x 4.3MW direct drive wind turbines



Construction of all roads, turbine foundations and crane hardstands



Supply, installation and commissioning of substation and 220kV grid connection



Electrical services for substation, cable jointing and 33kV switchgear installation



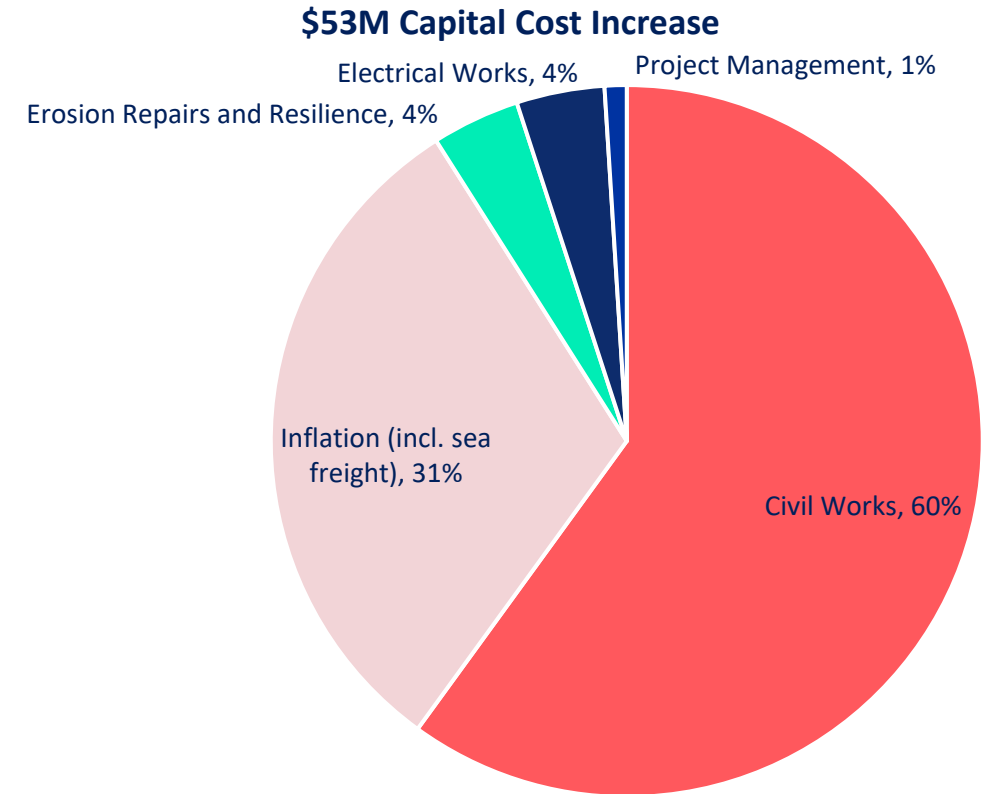
Supply, install and commissioning of 220/33kV transformers



Supply of 33kV reticulation cable

Today's announcement

- **\$53 million (13%)** increase in total project capital costs from the original \$395 million announced in February 2021 to **\$448 million**
- Original first power milestone of mid 2023 and full power by mid 2024 both remain **on schedule**
- Wind farm capacity of 176 MW is **unchanged**
- **Additional** civil costs to maintain overall programme against the impact of very wet spring and summer conditions
- **COVID** impacts of nationwide lockdown, prolonged Auckland lockdown, workforce demarcations, ongoing infections
- **Increases** in global material, labour, shipping costs, and constraints across supply chains all mean an unavoidable impact on the project
- Revised roading design to address **challenging** site geology, improving resilience and site access
- Higher limestone extraction and processing emissions offset by lower cement production/transport



Project update

Schedule

- On track
- Mitigations put in place to adapt to delays from COVID lockdowns
- Alterations made to pavement design to allow working through wetter conditions
- Extra crews brought in to maintain programme

Cost

- 13% increase, from:
- COVID enforced delays
- Record high rainfall
- Inflation lifting escalation amounts
- Tight NZ labour construction market
- Global supply chain constraints

Capability

- On track
- Use of multi contract approach with active management has allowed the application of mitigations
- All contracts set at project announcement protected most overseas procurement from commodity price rises
- Holding expertise through detailed design and construction allows ability to effect change

Harapaki key project metrics

	February 2021	August 2022	Impact and notes	
Generation capacity	176MW	176MW	■	unchanged
Expected annual output	542 GWh	542 GWh	■	unchanged
Capacity factor	35%	35%	■	unchanged
Capital project costs	\$395M \$2.24M/MW	\$448M \$2.54M/MW	■	13% increase in costs
Expected first power date	mid 2023	mid 2023	■	on schedule
Expected full power date	mid 2024	mid 2024	■	on schedule
ASX 2024 Otahuhu Futures (annual strip)	\$122/MWh	\$172/MWh	■	40% increase in annual average prices

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