13th November 2024

Contact invests to redevelop Wairakei

Contact has confirmed it will build a new 101MW geothermal plant, Te Mihi Stage 2, as the first step in replacing its 1950's-built Wairakei geothermal power station. This is a significant milestone for Contact as it delivers on its commitment to long-term, sustainable generation on the Wairakei steamfield, an important part of Contact's renewable energy strategy.

Contact acknowledges mana whenua for their ongoing guidance and engagement in the development of this project and sustainable operation of the reservoir.

Ormat will supply and build the two-unit binary power station under an EPC contract. The total expected construction cost of Te Mihi Stage 2 is $712m ($646m go-forward). The plant is expected online by Q3 CY2027.

Contact has also confirmed it will extend the running of the Wairakei geothermal power station until mid-2027. At this point Te Mihi Stage 2 is expected online and selected operating units will be retired. Contact will retain 67MW of capacity at the Wairakei station from mid-2027 until mid-2031 when resource consent to operate at the station will end. The total expected cost of the extension is $74m ($54m go-forward).

The new plant and extension investment will enable Contact to deliver a 0.2TWh p.a. uplift in geothermal generation from FY28-31 compared to the historic Wairakei field output of 2.7TWh p.a.

"Moving to this phased re-development plan for Wairakei, including the partial extension of the Wairakei station to 2031, has proven up to be the highest returning option for Contact shareholders. The new build is execution-ready. It is supported by advanced front-end design, a successful drilling campaign and an experienced Major Projects team that's ready and fresh from building the Tauhara and Te Huka 3 geothermal power stations," said CEO Mike Fuge.

Subject to final investment decision, a second phase of development, Te Mihi Stage 3, is expected online by mid-2031. Full details are provided in the attached presentation.

- 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

Wairakei geothermal investments

Contact Energy | November 2024

Contact to build Te Mihi Stage 2 and extend Wairakei power station

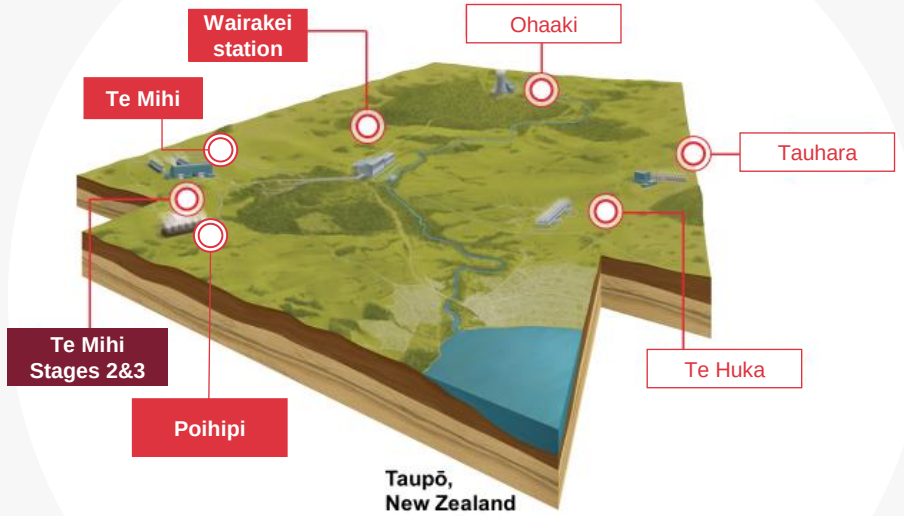
A significant milestone as Contact delivers on its commitment to long-term sustainable generation on the Wairakei steamfield, an important part of Contact's renewable energy strategy

First phase of Wairakei redevelopment approved

- Contact to build Te Mihi Stage 2, a new 101MW geothermal plant on the Wairakei steamfield – the first stage of replacing the 1950's-built Wairakei geothermal power station.
  - Total expected construction cost is $712m ($646m go-forward) including contingency. In a scenario where a broader range of risks materialise the cost could be up to $761m.
  - Expected online by Q3 CY2027.
- At the same time, Contact will invest to extend the life of the Wairakei power station, originally planned for closure in June 2026 due to consent conditions and age of plant.
  - Enabled by the recently completed drilling of injection wells and detailed plant investigation, all units will now be extended to mid-2027 and 67MW of capacity will be further extended to June 2031. This has a total expected cost of $74m ($54m go-forward).
- Together, this first phase of development delivers 0.2TWh p.a. uplift in the average annual output on the Wairakei steamfield from FY28 to FY31.[1]
- Across Te Mihi Stage 2, the Wairakei station extension, and investment in the ongoing operation of the field, the all-in target return (IRR) is ~11%.

Planning for future build phase, Te Mihi Stage 3, to be advanced

- Contact remains committed to long-term, sustainable generation on the Wairakei steamfield, where the resource is consented until 2058.
- Contact plans to build a second new plant, Te Mihi Stage 3, bringing this online by June 2031 when the resource consent to operate the Wairakei power station (67MW) ends.
- Te Mihi Stage 3 remains subject to final investment decision.
- Contact will look to optimise future output and returns and will investigate lower capacity options along with the optimisation of existing assets on the steamfield.



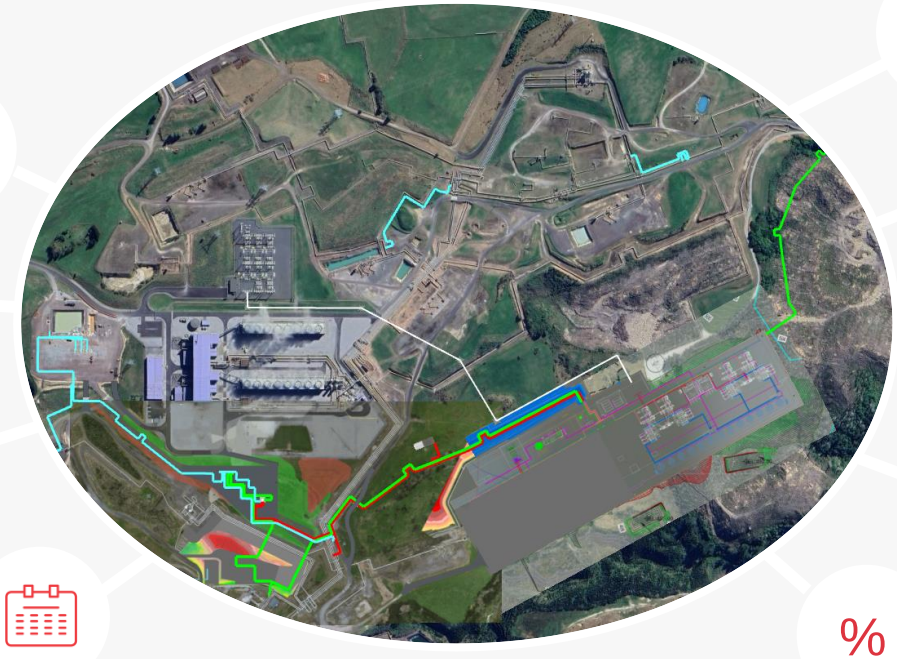
Current generating assets on the Wairakei steamfield include Wairakei geothermal power station, Poihipi and Te Mihi

[1] Compared to average Wairakei field output of 2.7TWh p.a. from FY19-23.

Te Mihi Stage 2 is execution-ready

Supported by advanced front-end design, successfully completed drilling campaign, power station EPC contract and Major Projects expertise on recent geothermal builds

Te Mihi Stage 2 key investment metrics



Capacity[1] (net export to grid)	101.4MW
Average annual output	~830GWh p.a.
Technology	2x binary units (Ormat)
Target schedule	Online by Q3 CY2027
Estimated cash costs of generation	~$20/MWh[2] (2024 real terms)
Carbon capture included	Reduces emissions to 2.2g of CO_2e / kWh
Expected go-forward capital expenditure (cash)	$646m[3]
Total expected construction cost	$712m[3,4] ~$7m / MW
Target IRR	9.5% - 10%

Highlights

- ✓ **Designed to accommodate future development (Te Mihi Stage 3)**
- ✓ **Operating production / reinjection capacity 100% secured following successful drilling campaign in FY24**
- ✓ **Advanced front-end engineering design and competitive tender process undertaken, providing confidence in cost and schedule**
- ✓ **~60% of go-forward costs fixed through power station EPC contract with Ormat**
- ✓ **In-house Major Projects expertise / capacity to be deployed from recently completed geothermal builds**

[1] Guaranteed Net Power Output (GNPO) which represents the output guaranteed by the OEM based on geothermal fluid conditions. [2] Operating expenses, carbon and SIB capex, including the cost of 4-yearly statutory outages but not make-up drilling costs. [3] Excludes capitalised interest, includes contingency. The board has approved an additional $49m of contingency, over and above the amount included in the expected construction cost, to account for a scenario where a broader range of risks materialise and to ensure prudent balance sheet management. [4] Includes ~$66m of pre-FID development costs (see slide 6).

Wairakei geothermal station will be extended

Extension of a) all units to mid-2027; and b) two Wairakei B units and 1 binary unit (total installed 67MW) to June 2031

Delivers the highest value outcome with a target IRR of ~50%

Wairakei geothermal power station

	Wairakei A	*Wairakei B*	*Binary*
Current **Previous expected closure June 2026**	3 x 11MW units	3 x 30MW units	2 x 7MW units
Extended **to mid-2027 (~online date of Te Mihi Stage 2)**	3 x 11MW units	3 x 30MW units	2 x 7MW units
Extended **Mid-2027 to June 2031 and then closed (per resource consent)**		2 x 30MW units	1 x 7MW units

Expected output

1.0TWh p.a. FY25-26 on average

Closure was planned for the end of FY26

0.8TWh p.a. in FY27

0.4TWh p.a. FY28-31 on average

Investment in the Wairakei station extension results in 2.6TWh of **total** additional output over the FY27 to FY31 period

Wairakei station extension key investment metrics

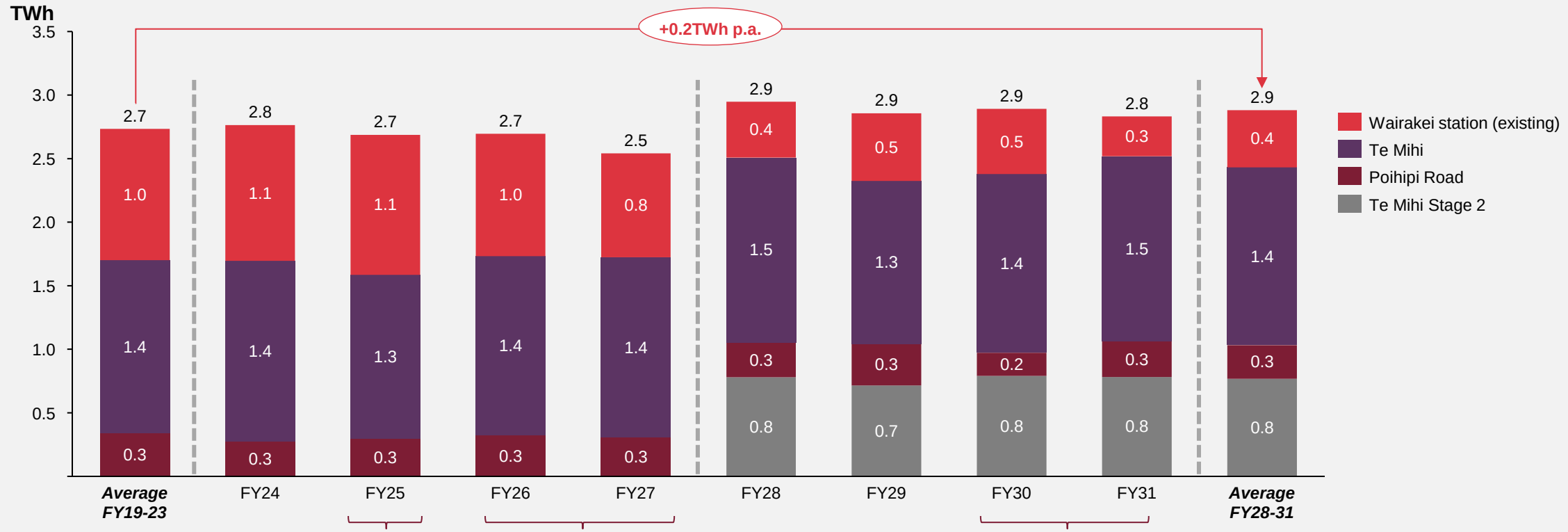
- Capacity extended: **67MW to June 2031**; **All units extended to mid-2027**
- Total expected project cost: **$74m**[1,2]; **$28/MWh**[3]
- Go-forward costs (*80% occur in FY26-27*): **$54m**[1]; **$21/MWh**[3]
- Target IRR: **~50%**

[1] Excludes capitalised interest, includes contingency. The board has approved an additional $4m of contingency, over and above the amount included in the expected project cost, to account for a scenario where a broader range of risks materialise and to ensure prudent balance sheet management. [2] Includes $20m of pre-FID development costs (see slide 6). [3] Total cash cost of extensions (FY25-FY31) over all expected additional output in FY27-FY31 (2.6TWh total).

Near term output at Wairakei field is improved

Investment in Te Mihi Stage 2 and the Wairakei station extension delivers 0.2TWh p.a. uplift vs historic

Indicative output on the Wairakei steamfield (Wairakei geothermal station, Te Mihi, Poihipi)



Four-yearly statutory outage at Te Mihi was utilised to complete tie-in works for Te Mihi Stage 2

Outages included to complete Wairakei station extension works

Accounts for FY31 statutory outage at Wairakei station. Does not account for potential outages associated with Te Mihi Stage 3 tie-in work

Capex spend to date of $135m has been allocated to the project it benefits

Historic investment cost allocation

- The GeoFuture project, as initially scoped, involved a single large-scale replacement and expansion of the Wairakei geothermal power station (up to 200MW), to come online in mid-2026. At that point the Wairakei station would close.
- In May 2024, Contact announced that it would investigate the risks and economics of a phased approach for new power station investment and investigate the extension of the Wairakei station to improve capital returns and create optionality on the replacement of the generation from the Wairakei station post FY31.
- Total pre-FID development costs of $144m were approved with all spend to date ($135m) allocated as growth capital expenditure to support the large-scale replacement.
- With the change in approach, and to understand the economics of each of the individual projects for investment, the spend to date has been allocated to where the benefits are mainly received (as the steamfield assets are shared across several stations on the Wairakei geothermal field).
- Allocation of capital spend to date is included in the table below:

Plant	Wairakei station	Te Mihi and Poihipi	Te Mihi Stage 2	Future geothermal	Total
New classification	SIB capex	SIB capex	Growth capex	Growth capex	
Capex spend to date	$20m	$35m	$66m	$14m	**$135m**
Nature of spend	Wells required for continued operation of the Wairakei station post June 2026 under discharge consents	Wells to support the Te Mihi re-injection system. Investment in these assets would be required even if there was no further Te Mihi investment		Spend related to system design elements for the next phase of development that was previously included in the large option	
Phasing of spend	FY22: $2m, FY23: $5m, FY24: $46m FY25: $2m				

- The $55m allocated to Wairakei station, Te Mihi and Poihipi will be restated / allocated to SIB capex (FY22:FY25) at the 1H25 results.
- Another $14m of pre-FID investment relates to future geothermal development options within capital work in progress.