

NEWS RELEASE

New wind farm a further step to low carbon future

27 March 2019 - Mercury has committed to the construction of the first 33 of 60 consented wind turbines at Turitea near Palmerston North, representing a key milestone in New Zealand's renewable energy development.

Mercury's Chief Executive, Fraser Whineray, says that current market conditions indicate that new renewable energy capacity is required for New Zealand, and Mercury is pleased to step forward with a wind farm development it has been working towards for 15 years.

The 119MW Turitea wind farm will generate 470GWh per annum on average, enough electricity to power 210,000 cars. When generation connects to the national grid at Linton, with commissioning expected to begin from late 2020, Turitea will be New Zealand's third largest wind farm. It will be the first large-scale generation addition to New Zealand's capacity since 2014.

"The estimated \$256 million project supports the opening up of a further \$750 million investment opportunity in wind energy development," Mr Whineray said.

Transmission and other infrastructure from this project is scaled to support the development of the remaining 27 turbines at Turitea and on the Puketoi range to the east, where Mercury has consents to construct a 53-turbine wind farm.

Turitea and Puketoi are regarded as preeminent among existing opportunities for wind farm development in New Zealand due to a combination of high average wind speeds and proximity to the national grid.

Reaching this important milestone is part of a journey started 15 years ago when Mercury committed to a strategy of adding wind generation to its portfolio of renewable generation assets, Mr Whineray said.

"With this announcement, Mercury has realised the 'awesome foursome' of renewables - hydro, geothermal, solar and wind - that enhance our contribution to New Zealand's green energy future," Mr Whineray said.

"The Turitea wind farm will contribute to New Zealand's sustainable, low emissions future, as well as to our country's energy freedom by making more renewable, kiwi-made electricity available for homes, businesses and vehicles around the country.

"The development of renewable energy projects in provincial New Zealand also helps to support local economies through more jobs and spending, Mr Whineray said. "And, when we break ground for this in a matter of months, it further establishes the Manawatu as New Zealand's hub for wind energy production. It's one of the best locations in the world.

"Mercury acknowledges and thanks local councils, landowners and iwi for their engagement through the process of getting to this milestone, and we look forward to working with them and other stakeholders during the construction activity to follow."

Mercury already generates around 6,800GWh of renewable electricity per annum, approximately 16% of New Zealand's total electricity generation, from its hydro and geothermal stations located in the central North Island, close to areas of high demand and growth. It operates solar business Mercury Solar, and has a 60kWp solar array at its Penrose R&D centre. Mercury also owns 19.99% of Tilt Renewables, which operates and develops wind farms in New Zealand and Australia.

PROJECT DETAILS

Mercury has contracted with Vestas-New Zealand Wind Technology Limited, a local subsidiary of Vestas Wind Systems A/S (the world's largest wind turbine supplier), to construct and maintain the Turitea wind farm. This arrangement consists of a full engineer, procure and construct (EPC) contract and a long-term service and availability agreement. Mercury is contracting separately with Electrix Limited and Transpower for the design and construction of the 220kV transmission line and grid connection to Linton. These transmission assets will cater for generation growth at the site, and the future development of the nearby Puketoi wind farm.

On-site construction is planned to start around August 2019 and the overall cost for the project is estimated to be \$256 million. This will be funded from existing debt facilities.

Further details are provided in the accompanying presentation.

ENDS

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ABOUT MERCURY NZ LIMITED

Mercury's mission is energy freedom. Our purpose is to inspire New Zealanders to enjoy energy in more wonderful ways and our goal is to be New Zealand's leading energy brand. We focus on our customers, our people, our partners and our country; maintain a long-term view of sustainability; and promote wonderful choices. Mercury is energy made wonderful.

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