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12 August 2021

Contact and Genesis announce long-term renewable electricity agreement

Contact Energy is set to supply Genesis Energy with renewable electricity for 15 years from 2025, as part of a new, long-term power purchase agreement[1] after key terms were signed today.

The agreement will see Genesis take up to 62.5 megawatts of electricity, equating to 41% of the output capacity from Contact's geothermal power station being developed at Tauhara. The 152-megawatt power station is under construction and expected to be completed in the middle of 2023.

Contact CEO, Mike Fuge, said the agreement with Genesis was a strong vote of confidence in the Tauhara project and aligned with both companies' commitment to decarbonisation.

"It's fantastic to see customer support for the country's leading renewable development. These sort of long-term commitments, backed by the lowest cost projects, are good for New Zealand as they keep electricity prices as low as possible and encourage the development of new renewable generation.

"It also demonstrates the importance of the Tauhara development's role in helping reduce New Zealand's emissions. The power station will operate 24/7, have low emissions and will not be reliant on the weather.

Tauhara is expected to replace 1.3 terawatt hours of thermal generation from New Zealand's electricity system, displacing 450,000 tonnes per year of carbon emissions.

Genesis CEO, Marc England, said the agreement is a result of the RFP process that the company has run to support its Future-gen strategy to displace 2,650GWh of baseload thermal generation by 2030.

*"*This arrangement with Contact will help us deliver on both our Future-gen strategic targets and our commitment to remove at least 1.2m tonnes of annual carbon emissions by 2025.

[1] A power purchase agreement is a long-term contract where a customer purchases electricity directly from a generator of renewable energy, providing both buyer and seller with long-term price certainty.

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"We understand the role we have to play in the country's transition to a low carbon future and we have further renewable opportunities to announce shortly."

Mr Fuge said Contact had made no secret of its willingness to form long-term power purchase agreements. "It's great to see the industry working to deliver low carbon solutions for electricity generation. We want to grow demand for our renewable electricity by displacing thermal generation and supporting new electricity demand, and there are a raft of opportunities to pursue on this front."

The Contact/Genesis agreement will commence on 1 January 2025 and the financial details remain confidential.

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Key terms of the agreement:

Start date	1 January 2025
Location	Tauhara GXP
Price (Years 1–10)	Fixed price at start date, escalating at CPI
Price (Years 11–15)	Market linked within a collar
Volume	Linked to actual Tauhara generation output. Years 1-10 up to 62.5MW (~500GWh p.a.). Volumes reduce over the final 5 years of the contract.

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