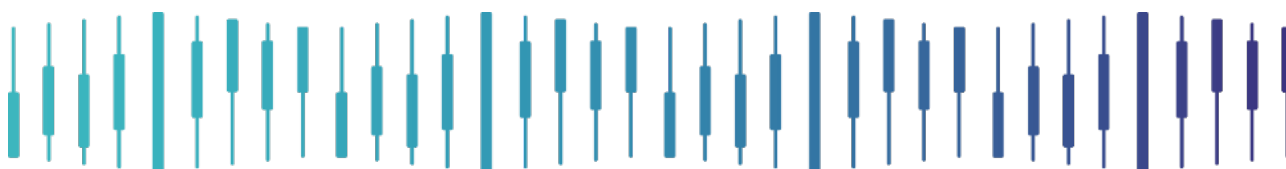


6 November 2025

NZ RegCo Decision

Meridian Energy Limited (NS) (MEL)
Application for waiver from NZX Listing Rule 5.2.1



Background

1. The information on which this decision is based is set out in Appendix One to this decision. This waiver will not apply if that information is not, or ceases to be, full and accurate in all material respects.
2. The NZX Listing Rules (**Rules**) to which this decision relate are set out in Appendix Two.
3. Capitalised terms that are not defined in this decision have the meanings given to them in the Rules.

Waiver from Listing Rule 5.2.1

Decision

4. Subject to the conditions set out in paragraph 5 below, and on the basis that the information provided by MEL is complete and accurate in all material respects, NZ RegCo grants MEL a waiver from Rule 5.2.1 to the extent that this Rule requires that the Arrangements be approved by Ordinary Resolution of MEL's shareholders.
5. The waiver in paragraph 4 above is provided on the conditions that:
 - a. the Directors of MEL certify that the Arrangements have been entered into, and have been negotiated, on an arm's length commercial basis;
 - b. the Directors of MEL certify that it was not influenced to enter into the Arrangements by either the Crown, MCY or GNE;
 - c. the Directors of MEL certify that the granting of the waiver in respect of the Arrangements is in the best interests of:
 - i) MEL; and
 - ii) all of MEL's shareholders other than the Crown;
 - d. the Directors of MEL certify that the Arrangements are in the best interests of:
 - i) MEL;
 - ii) all of MEL's shareholders; and
 - iii) all of MEL's shareholders other than the Crown;
 - e. the Directors of MEL include in the relevant certificate a summary of the core grounds for the certification given under each limb of conditions (a), (b), (c) and (d) described above; and
 - f. the waiver, its conditions and implications being disclosed in MEL's next annual report.

Reasons

6. In coming to the decision to provide the waiver set out in paragraph 4 above, NZ RegCo has considered that:
- a. The purpose of Rule 5.2.1 is to ensure that shareholders have an opportunity to consider, and vote on, Material Transactions where there is, or may be a perception of, the potential for undue influence by a Related Party on an Issuer's decision to enter into a transaction or agree to its terms. An applicant for a waiver from Rule 5.2.1 must establish that the granting of any waiver is in the best interests of the Issuer, and the shareholders who are not precluded from voting under Rule 6.3 (being the Related Party and its Associated Persons). The NZX Guidance Note on Major and Related Party Transactions (**Guidance Note**) outlines that NZ RegCo may waive the requirement to obtain shareholder approval of a Material Transaction with a Related Party if it is satisfied that the personal connections with, or involvement or personal interest of, any Related Party are immaterial or have not influenced the promotion of, or the decision to enter into, the transaction or its terms and conditions.
 - b. The granting of this waiver will not offend the policy behind Rule 5.2.1 and satisfies the matters set out in the NZX Guidance Note because MEL has submitted, and NZ RegCo has no reason not to accept, that:
 - i) The only reason that the Companies are Related Parties of each other is due to the Crown owning more than half of the ordinary shares of each Company. Section 45R of the Public Finance Act 1989 restricts any reduction of the Crown's holding below a 51% control threshold.
 - ii) While the Crown is the majority shareholder in each of the Companies, it is not involved in any of the Companies' business operations.
 - iii) While the Crown does vote its shares to approve the appointment of directors of each Company, it does not select and appoint directors to the Board of any Company.
 - iv) The Crown itself has had no involvement in the development or negotiation of the Arrangements, nor is it a party to them.
 - v) Each Company is separately listed on the NZX Main Board and is operated independently of the other Companies. The Companies are competitors.
 - vi) Each Company is governed by an independent board of directors. The directors of each Applicant owe duties under the Companies Act 1993 to act in good faith and in what they believe to be the best interests of the relevant Applicant. No director of any Applicant is also the director of another Applicant, and each director is considered non-interested in the Arrangements.
 - vii) The Arrangements have been negotiated on an arm's length terms basis, with each of the Companies having separate independent advisers.
 - c. Accordingly, the Arrangements have been negotiated on arm's length commercial terms and while each of the Companies is a Related Party of the other Companies no Company has influenced the terms of, or the value of, the Arrangements with respect to any other Company, nor any other Company's decision to enter into the Arrangements.
 - d. The certification that will be provided by the Directors of MEL as a condition of the waiver provides comfort that the Arrangements have been negotiated and entered into on an arm's length commercial basis, the Arrangements will be in the best interests of MEL and MEL's shareholders other than the Crown, and that none of the Companies were influenced to enter into the Arrangements by the Crown or any other Company.

Appendix One

Background

1. Each of Genesis Energy Limited (**GNE**), Meridian Energy Limited (**MEL**), Mercury NZ Limited (**MCY**, together the **Companies**) and Contact Energy Limited (**CEN** and, together with GNE, MEL and MCY, the **Gentailers**) is a Listed Issuer with shares quoted on the NZX Main Board.
2. Each of GNE, MEL and MCY (together, the **Applicants**) is a New Zealand incorporated mixed ownership model company within the meaning of section 45P of the Public Finance Act 1989 (the **PFA**).
3. Section 45R of the PFA requires that the Crown must hold at least 51% of each Applicant's ordinary shares and will be prohibited from reducing its holding below that level.
4. As the Crown holds more than 50% of each Applicant's ordinary shares, each of the Applicants are "Related Bodies Corporate" for the purposes of section 12(2)(c) of the Financial Markets Conduct Act 2013 (the **FMC Act**) and therefore "Associated Persons" for the purposes of the Rules. Each Applicant is therefore a "Related Party" of the other Applicants pursuant to limb (c) of that definition in the Rules. CEN is not a "Related Party" of any of the Applicants.
5. While the Crown is the majority shareholder in each of the Applicants, it is not involved in any of the Applicants' business operations. The Crown's intentions and expectations in this respect are publicly outlined (for example) in:
 - a. the letter from the Minister of Finance to, amongst others, the (then) Chairs of the Applicants, dated 15 June 2018¹, which stated:

... shareholding Ministers expect the companies to continue to make commercial decisions, while of course taking into account the full impact of those decisions.

...the boards and management, not shareholders, are responsible for decision making by the companies.
 - b. the letter from Hon. Nicola Willis, Minister of Finance, to the Chairs of each of the Applicants dated 30 September 2025², which stated:

...The expectations above do not alter the fundamental principles of the relationship between the Crown as majority shareholder and each of your companies, with your respective boards of directors, Chief Executives and executive teams, not shareholders, being responsible and accountable for all company decisions.

... [The letter from the Minister of Finance on 15 June 2018] reinforced, among other matters, that each of you should make commercial decisions, and your boards and management are responsible for decision making...

Except as set out in this letter, the Government's expectations in the letter from the Minister of Finance on 15 June 2018 remain in place.

¹ [Letter from the Minister of Finance to the Chairs of Air NZ, Genesis Energy, Mercury NZ and Meridian Energy](#)

² [Correspondence from Hon Willis and Hon Brown to Mixed-Ownership Model chairs](#)

The Arrangements

6. The Gentailers have entered into conditional arrangements to support dry-year security of electricity supply and overall system resilience. MEL, MCY and CEN are together referred to as the **Counterparties**.
7. The underlying product is a Huntly Strategic Energy Reserve Huntly Firming Option (HSER HFO). The terms and conditions of the **HSER HFO** are governed by:
 - a. a bilateral 2002 ISDA³ Master Agreement and ISDA Schedule (together, the **Master Agreement**) between GNE (as floating price payer) and the relevant buyer / fixed price payer (one of the Counterparties);
 - b. a bilateral Swaption Confirmation (the **Confirmation** and, together with the Master Agreement, the **HFO ISDA Agreement**) between GNE and the Counterparty; and
 - c. a multilateral framework agreement (the **Framework Agreement**).
8. The HFO ISDA Agreements and the Framework Agreement are referred to together as the **Arrangements**.
9. In broad terms, the Arrangements provide each of the Counterparties with an option to access certain notional generation capacity from GNE's Rankine Units at the Huntly Power Station, albeit by way of a derivative structure.
10. GNE owns and operates three Rankine Units at the Huntly Power Station. The Rankine Units are dual-fuel coal and gas-fired electricity generators that have been relied upon by the New Zealand energy market to provide 'dry year cover', including in the winter of 2024 where there was a shortage of power supply due to low hydro inflows, reduced natural gas supply, a "wind drought" and increased demand.
11. GNE previously publicly stated that it intended to retire one of its Rankine Units (Rankine Unit 2) in early 2026. This was (broadly) on the basis that:
 - a. GNE did not believe it had sufficient certainty to achieve adequate revenues from it because it was impossible to know when the next dry winter or other fuel or capacity constraint might be; and
 - b. GNE believed that without the regular occurrence of dry winters, any such revenues from the energy-only market were unlikely to offset the fixed costs and the costs of maintaining (i) Rankine Unit 2 and (ii) a sufficiently large stockpile of coal on site (funded by GNE), in order to properly utilise the capacity if the market demanded it.
12. Pursuant to the Arrangements:
 - a. Each of the Counterparties has an option to call a certain volume of financial derivative at a price equal to the cost of the 'relevant coal' multiplied by an efficiency modifier (the **Fixed Price**), (the **Option**) (subject to the upfront payment reconciliation described below). The Arrangements do not provide for the physical supply of electricity but rather provide each of the Counterparties with the right to spot price electricity cover at the Huntly node.
 - b. In exchange for the Option, the Counterparties pay an annual premium, which GNE may use to contribute to the costs of maintaining, operating and resourcing the Rankine Units. The annual premium is subject to a reset at year five, and is subject to other adjustments under the terms of the Arrangements.

³ International Swaps and Derivatives Association (ISDA)

- c. The Framework Agreement establishes a coal ordering process, whereby Counterparties pay a price for notional coal which reflects the landed cost of that coal. The mechanics of this process are intended to provide for a fair sharing of risk in the coal ordering process between GNE and each Counterparty, including adjustments for any differences in the quantity and specification of the coal received, as well as delays to the actual receipt of the coal at Huntly. When the Option is exercised, the Counterparties receive a monthly upfront payment reconciliation (reflecting that Counterparties have paid a price for notional coal and are also paying the Fixed Price for notional coal use).
- d. Each Counterparty's right to access megawatts (**MW**) under the Option comprises "Core Capacity" and "Additional Baseload Capacity".
 - i) The Core Capacity is 50 MW per Counterparty, as may be subsequently adjusted for suspension events pursuant to the Arrangements.
 - ii) In certain circumstances, each Counterparty will also have the right to call on an additional 25 MW as Additional Baseload Capacity.

In practical terms, each Counterparty will therefore have an Option to call on 50 MW of "core capacity", and will have an additional 25 MW "Additional Baseload Capacity" available in certain circumstances (**Option Capacity**).

- e. The efficiency modifiers are a mechanism to reflect the different cost and efficiency of generating a particular MW of electricity using a Rankine Unit for the profile and duration of the relevant Option call. The efficiency modifiers can be varied depending on matters such as the applicable energy content of the fuel.
- f. The Counterparties agree to pay a price for notional coal, and GNE has an obligation to use reasonable endeavours to acquire physical coal for a "Strategic Reserve Stockpile". The physical stockpile is part of a larger physical coal reserve GNE intends to maintain at the Huntly site (with the potential to transition to biomass in the future) (Strategic Reserve Stockpile). Subject to the Arrangements proceeding, the Strategic Reserve Stockpile will be 600kt.
- g. In order to exercise its Option, a Counterparty must ensure that it has sufficient notional coal on its 'ledger' at Huntly to generate the MWs that it is calling for. However, for efficiency and practical purposes, physically separate stockpiles will not be maintained. Each Counterparty must secure and deliver to GNE sufficient carbon units to cover the notional emissions associated with the MW it has called pursuant to the Arrangements in the prior year.
- h. GNE will maintain full control of all plant operating decisions including, for example, whether any Rankine Unit is turned on in response to calls, the price at which all Rankine Unit generation is offered to the wholesale electricity market, and all other aspects of the operation of the Rankine Units. For instance, GNE will generate electricity using whichever Rankine Unit is most efficient to use at the relevant moment in time. GNE also retains discretion as to the level of investment made in the Rankine Units and the right to put one or more Rankine Units on outage.
- i. Mechanically, the arrangement will be settled by way of a Contract for Difference.
- j. All Counterparties are free to call on their Option as they see fit (provided a Counterparty has the necessary notional coal reserves on its ledger) and have absolute discretion over how they act in the market having done so.
- k. GNE retains absolute discretion as to what it does with all of the capacity from the Rankine Units. As noted in the market announcement of the signed Term Sheet, assuming the proposed Arrangements proceed, GNE will make Rankine capacity in excess of the Option

Capacity under the Arrangements available to the broader market via offering further firming options and hedge products.

- l. There are various provisions to deal with scenarios where there is a failure or interruption to the ability of one or more Rankine Units to generate electricity or for coal to be obtained.
 - m. The Arrangements include an agreed process if a Counterparty wishes to exit five years into the term. The mechanisms are designed to provide a Counterparty with a reasonable ability to exit whilst recognising GNE's commitment to the planned capital investment.
13. The Arrangements are conditional upon the New Zealand Commerce Commission granting authorisation to the Arrangements (or declining to grant authorisation on the basis that it does not have the legal authority to do so) and have a term ending 31 December 2035 (subject to the early exit described above).

Application of Rule 5.2.1

14. Rule 5.2.1 prohibits an Issuer from entering into a Material Transaction if a Related Party is, or is likely to become a direct party to the Material Transaction, or a beneficiary of a guarantee or other transaction which is a Material Transaction, unless that Material Transaction has been authorised by an Ordinary Resolution (such resolution being subject to the voting restrictions in Rule 6.3) or is conditional on such approval.
15. A Material Transaction includes a transaction, or a related series of transactions, whereby an Issuer:
- a. buys, acquires, gains, leases (as lessor or lessee), sells or otherwise disposes of, assets having an Aggregate Net Value above 10% of the Issuer's Average Market Capitalisation; or
 - b. borrows, lends, pays or receives money, or incurs an obligation of an amount above 10% of the Average Market Capitalisation of the Issuer; or
 - c. provides or obtains any services where the gross cost to the Issuer in any financial year is likely to exceed an amount equal to 1% of the Average Market Capitalisation of the Issuer.
16. Each Company is a Related Party of each of the other Companies.
17. The Arrangements are complex and difficult to quantify, given that their value depends on variables over the lifetime of the Arrangements. Any quantification or valuation of the Arrangements will be based on assumptions whose ultimate outcome is unknown (including the future price of electricity, the future price of coal and the cost of generating a particular MW of electricity using a Rankine Unit at a future time).
18. Given the difficulty in quantifying and valuing the Arrangements, MEL has sought this waiver in order to provide certainty about the application of the Rules in relation to the Arrangements. MCY has likewise sought a similar waiver to provide it with the same certainty. However, GNE considers the Arrangements may well constitute a Material Transaction of GNE for the purposes of the Rules and it has therefore sought a waiver from the Rules.

Appendix Two

Rule 5.2 Transactions with Related Parties

5.2.1 An Issuer must not enter into a Material Transaction if a Related Party is, or is likely to become:

(a) a direct party to the Material Transaction; or

(b) a beneficiary of a guarantee or other transaction which is a Material Transaction,

unless that Material Transaction is approved by an Ordinary Resolution (such resolution being subject to the voting restrictions in Rule 6.3) or conditional on such approval.

Relevant Definitions

Material Transaction	means a transaction, or a related series of transactions, whereby an Issuer: (a) buys, acquires, gains, leases (as lessor or lessee), sells or otherwise disposes of, assets having an Aggregate Net Value above 10% of the Issuer's Average Market Capitalisation; ... (c) borrows, lends, pays or receives money, or incurs an obligation of an amount above 10% of the Average Market Capitalisation of the Issuer ...; ... (e) provides or obtains any services ... where the gross cost to the Issuer in any financial year is likely to exceed an amount equal to 1% of the Average Market Capitalisation of the Issuer.
Related Party	means a person who, at the time of a Material Transaction, or at any time within the previous six months, was: ... (c) an Associated Person of the Issuer or any of the persons referred to in (a) or (b) ...
Associated Person	a person (A) is associated with, or an Associated Person of, another person (B) if: ... (c) A and B are ... Related Bodies Corporate;
Related Body Corporate	has the meaning given in section 12(2) of the FMC Act.

**Related Body Corporate
(section 12(2) of the
FMC Act)**

... a body corporate (**A**) is **related** to another body corporate (**B**) if
—

...

(b) more than half of A's voting products (other than voting products that carry no right to participate beyond a specified amount in a distribution of either profits or capital) are held by B and bodies corporate that are related to B (whether directly or indirectly, but other than in a fiduciary capacity), or vice versa;

(c) more than half of the voting products (other than voting products that carry no right to participate beyond a specified amount in a distribution of either profits or capital) of each of A and B are held by members of the other (whether directly or indirectly, but other than in a fiduciary capacity);