



30 SEP 2025

Barbara Chapman
Chair, Genesis Energy
By email

Scott St John
Chair, Mercury NZ
By email

Mark Verbiest
Chair, Meridian Energy
By email

Dear Chairs

Further to my recent discussions with you, I am writing to reiterate the Crown's expectations, as majority shareholder, of the crucial role each of your companies has in New Zealand's electricity market. I know this is a role and a responsibility that your companies take extremely seriously. As discussed further below, this letter supplements the letter your companies received from the Minister of Finance on 15 June 2018. This letter reinforced, among other matters, that each of you should make commercial decisions, and your boards and management are responsible for decision making.

This Government is focused on ensuring that the electricity market functions effectively, delivering secure and affordable electricity for all New Zealanders, and addressing dry-year risk.

The Government has identified that reform is required, and will shortly publish its response to the review undertaken by Frontier Economics. In particular, the Government will pursue a balanced package of measures that secures fuel, incentivises firming capacity, and strengthens regulation while maintaining strong momentum for renewable investment. The Government supports a market-led response, and is focused on reducing barriers to investment and providing greater confidence for the market to invest.

The Frontier Economics report stated that the Mixed Ownership Model companies, in which the Crown is a 51 per cent shareholder, have faced constraints on their ability to invest in larger generation projects, because of a perception that the Government would not provide equity injections to support those investments.

I want to assure you that this perception is incorrect. Where it supports the Government's energy security and affordability objectives, the Government has confirmed it is open to participating in equity capital raisings by the Mixed Ownership Model companies. This approach will preserve the Crown's majority ownership, in line with the legislative requirement for the Crown to retain 51 per cent of the Mixed Ownership Model companies.

I expect each of your companies to seek out and bring forward commercially sound opportunities for new generation and firming capacity. The Government will look favourably on requests for Crown investment in generation capacity where they:

- Stack up commercially,
- Are supported by your other shareholders, and
- Directly advance the Government's goals for secure and affordable energy supply – for example through the provision of firming capacity (such as thermal) that addresses dry-year risk.

If your boards require further information or assurances to support your consideration of potential projects, I encourage each of you to engage bilaterally with shareholding Ministers and officials at the Treasury as soon as possible. The Government is determined that barriers, including perceptions about access to capital, should not impede consideration of commercially sound projects.

The Government expects that delivering the above objectives and meeting the Government's expectations will be aligned to the creation of long-term value for each of your companies, their shareholders, employees and stakeholders. As a result, nothing in this letter or the 2018 letter, and none of the Government's objectives or expectations, conflict with the duties of your respective directors, including their duty to act in the best interests of each of your companies.

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. 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.

Officials at the Treasury will contact each of you individually to discuss the above expectations. I look forward to your support as this Government strengthens New Zealand's electricity system.

Yours sincerely



Hon Nicola Willis

Minister of Finance

on behalf of shareholding Ministers

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Hon Simeon Brown, Minister for State Owned Enterprises
Hon Simon Watts, Minister for Energy
Malcolm Johns, Chief Executive, Genesis Energy
Stew Hamilton, Chief Executive, Mercury NZ
Mike Roan, Chief Executive, Meridian Energy