

10 March 2026

Fast-track Panel
C/- Project Director
Westpower Ltd
146 Tanui Street
Greymouth 7805

Attention: Jon Bright/June Cahill

RE PROPOSED WAITAHA HYDRO APPLICATION – RESPONSE TO WAITAHA EXPERT PANEL ON AMENDMENT TO CONCESSION TERM – M I PENROSE

Further to my earlier report and responses, I have been asked to respond to the following subsequent question.

QUESTION:

Does Westpower's change to have one concession that applies to operational activities for what is left of the 49 years after construction of the Scheme (rather than a long-term concession that is 49 years in total), change my valuation in any way?

M I PENROSE RESPONSE:

In my opinion, the activity fee should start at the date of scheme commissioning as that is the start of revenue generation.

My valuation reflected the 49-year term and assumed this to apply from the date of commissioning. In the best-case scenario, there is a likely 5-year deferral until commissioning and that probably is the reasonable basis of valuation. A shorter term would support the Panel imposing a lower concession fee than that set out in my report.

While it is in Westpower's best interests to complete commissioning as soon as possible and thereby maximise the available concession term, in the worst-case scenario, delayed commissioning could extend to 10 years and shorten the term of the concession to circa 39 years. Any shortening of the term could compromise the ability to achieve effective pay-back on the high capital cost of this hydro scheme.

In recognition of the high capital costs for hydro schemes, there would be the expectation that long initial terms and lengthy rights of renewal, would be included in the initial agreement. To my knowledge there are no defined renewal periods proposed in the Concession Agreement.

By comparison, wind and solar farm developments normally base the length of the agreement term on the expected life of the generation infrastructure with renewals aligned to the on-going replacement cycles.

The market evidence is imprecise as to the relativity between the length of initial term and the quantum of the activity fee. I have not assessed the impact of the now proposed shorter term but this and the absence of rights of renewal in the Waitaha agreement, together with the risks of having to possibly relitigate the Concession Fee three yearly, are added risks that should be considered by the Panel, and again, those matters would support the Panel imposing a lower concession fee than that set out in my report.

Yours faithfully



Mike Penrose
VPU; Dip VPM; AMINZ; FNZIV
Director, Registered Valuer
E [REDACTED]