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Operator: Thank you for standing by and welcome to Tilt Renewables Limited full year results conference call. All participants are in a listen-only mode. There will be a presentation followed by a question-and-answer session. If you wish to ask a question, you will need to press the star key followed by the number one on your telephone keypad.

I would now like to hand the conference over to Mr Deion Campbell, Chief Executive. Please, go ahead.

Deion Campbell: Okay, thank you Amanda, and good morning to everyone joining us on the phone. Thank you for doing that, for what will more than likely be Tilt Renewables' last annual results presentation, which we'll get to that reason why shortly.

If we can flip to the presentation that Steve and I will give in the usual format of me first and then Steve before questions and head straight into it. I thought we'd start off with probably one of the things we're reasonably proud of this year, which is the re-fresh of our values and vision.

After a period of time of re-using the Trustpower values and vision that we had at demerger, we thought it was time to do one of our own and we're quite proud of them. I think for me, overarching it, the vision to drive the transition to renewables through everything we do, does actually allow us to guide ourselves on the things that we do and keeping it simple with the values.

We are people powered, we get it done and we lead, really just describes the way that Tilt Renewables culture has developed over the years. They are simple, they're easy for people to get in behind and use them in everyday life. So we're pretty proud of that. It describes our wee Company quite well.

If we can move to page 3, the formula for ongoing success at Tilt Renewables. We've talked about this for a few years, it's about having the right platform. That is, in terms of both scale, multiple sites, the right technology, the right contracting methodologies and diversification across countries and locations to support what is the best pipeline in the industry.

Combine that with a highly capable team that's set up - with the vision they believe in and values that help guide the way they work to result in the market-leading renewables platform and I guess this year, for once we can say that the market's actually voted with its feet in terms of how valuable that platform has turned out to be and we're looking

forward to the new owners of Tilt Renewables taking the competitive advantages that we've got forward and making the most of the transition in both countries.

In terms of the highlights on page 4, the highlights for this financial year. The big one is really - the sale price and the sale itself. NZ$8.10 per share. I think it's one of the highest - it is the highest ever premium paid for a transaction of this scale in the Australasian market and we're pretty proud that yet again Tilt Renewables has its name in front of a market-leading transaction.

We kept on performing though. We produced 1840 gigawatt hours of energy with both the Waipipi and Dundonnell wind farms really making a large contribution. 40% of that energy came from those assets. The Waipipi windfarm, which I think was our little surprise in New Zealand, self-funded 133 megawatts, completed on time and within budget, even with the effective six-week standdown on site due to the COVID lockdowns in New Zealand.

It gets us to operating 500 megawatts and the 336 megawatts at Dundonnell still in commissioning, but all of those machines at Dundonnell are running. We just happen to be working through a hold point process.

Our pipeline has increased to just over five gigawatts across both countries. Importantly, our continuous improvement approach to safety has provided a good improvement for us. 45% reduction in total reportable injury frequency rate so our focus and last year, actually we restructured slightly so that our safety manager reports direct to me. Just to try and really emphasise the importance of safety to us and it's having the right impact.

In terms of financial results, the highlights are an EBITDAF of $74.9 million and $46.4 million cash flow from operations. So a reasonably solid year given that this is what we we're calling a transition year for us as new assets were built to fill the gap created from the sale of Snowtown 2.

Following that Snowtown 2 sale, we managed to do a share buyback, a one for five share buyback to distribute AU$258 million to the shareholders, allowing us to retain enough cash in the business to fund our Rye Park development, which is just under 400 megawatts.

During the year, of course, we secured the foundation PPA for that asset. It's a major milestone toward reaching financial close, which we're still heading towards.

At Dundonnell, we'll talk a bit more about this but it is operating at a limit of 295 megawatts. It's enough to get all the offtake agreements or the PPAs for that project on

foot. So they're in action and that project was actually constructed on time and on budget, or within budget, so barring the transmission connection commissioning process, it would have been another high success for Tilt Renewables.

However, at 295 megawatts, it's producing roughly 97% of its annual average energy yield. It's like putting a V8 in your Mini in terms of how the power is flowing.

We've got a balanced scorecard in here. As I thought, a big - well a considerable reduction in total recordable injury frequency rate. We're pretty happy with that. We did, however, have one lost time injury during the year and that was at Waipipi. It was not a permanent injury for that person but they did have to take some time off work.

Yes, so slightly higher generation volume sent out in the last year and last year, of course, we had the last quarter without Snowtown 2 in the asset base and this year, we've had the two new assets performing.

Cost base came down a bit, corporate and development costs went up a bit. Steve can talk about that later but that is us building out our pipeline and a few other growth-related costs in there and our EBITDAF number was significantly down, really, at $74.9 million as probably reflecting the legacy PPA we had at Snowtown 2 no longer being in the portfolio, along with some reasonably low spot prices in Australia at a time before the Dundonnell PPAs were set in action. So we were exposed to that spot price in Australia.

Of course, last year's net profit after tax was influenced by the transaction for Snowtown 2. So this year, at $57 million, we think is still a pretty healthy outcome.

However, with the equity requirements for Rye Park being a little bit uncertain as we get to the final contracting and tendering stages, the Board has determined not to pay a final dividend for FY21 and I guess may look at opportunities for dividends before the completion of the sale process.

If we move to page 6, I wanted just to kind of show a little bit here - I guess this is our pump our tyres up page. We see how our little Company, Tilt Renewables, has ended up compared to some of our - the other companies on the NZX.

We've had a good year, obviously. Enabled largely by, in December, Infratil, our largest shareholder, saying that they're probably interested in seeing if the market is attractive enough for them to be a seller and enabling the ultimate process that's resulted in the SIA with PowAR and Mercury.

There's a bit of a quote there from me that talks about someone who joined us at demerger in 2016, participated in the other things that have happened since then and then will exit under the SIA, will have received approximately 40% per annum return on their money. Which in this environment, is fairly healthy.

So we're a significant Company all of a sudden. I think we rank 27 on the NZX…

Steve Symons: On market cap.

Deion Campbell: On market cap basis, yes. Just over $3 billion and I believe in 2018 when I re-joined the Company, we got down to about an $800 million market cap. So really, that's all clearly down to leadership.

So the strategic review and sale of the Tilt platform, it's been the highlight of the year. Last year, it was the sale of Snowtown 2, this year it's this process. The proposed scheme of implementation agreement means shareholders will receive NZ$8.10 per share, adjusted to take in account of any dividend that might be paid. Market cap of $3 billion.

The new owners should, should the SIA be implemented following the court and shareholder approval process, in New Zealand the assets and the development pipeline will go to Mercury who of course you'll know are our second largest shareholder now and the Australian business goes to the consortium that is behind the Powering Australian Renewables Fund.

So two high-quality owners of the Australia and New Zealand platforms respectively and I guess for us, having attracted buyers of that calibre has been very interesting and it probably puts us - sets the Company up for a very, very strong future.

Now, if we go to page 8, in terms of us delivering on our strategy, in Australia we talked about Dundonnell. It's completed in terms of construction activities. The commissioning activities with AEMO will continue through 2021 as we tidy up some modelling processes and do some further testing with them.

At Rye Park, which is our next most likely opportunity in Australia, the foundation PPA with Newcrest Mining moves us away from - or further away from a reliance on the large gentailers in Australia and shows perhaps how that market is moving to corporates taking control of their energy supply themselves.

We've successfully received a planning approval variation to allow us to get the largest and most efficient turbines on that site. We've got a tip height allowance of 200 metres now at that site and we're hoping to get the financial close Q3 in calendar year 2021.

Steve Symons: Early.

Deion Campbell: Early Q3. Of course the pipeline's looking pretty healthy in Australia and we've talked about batteries for a number of years. We've got our very large Liverpool Range project and our Waddi wind project over in WA. All of those are nearing a position where we could take an investment decision if we wanted to. If the market suggested it was right.

In New Zealand, Waipipi, is an outstanding outcome Waipipi which was delivered via a multi-contract approach where we had more hands-on involvement. Which it turned out pretty lucky given the COVID lockdown, we were able to get in there and get best for project outcome in terms of the shutdown and re-start of that site and we're happy to have that project finished.

Priority for us at the moment, is our Omamari Wind Farm up north and where we are in the resource consenting process for that. We are talking to offtakers to see if we can secure a PPA.

Tararua Repowering. Continuing to work on that. It's not as high a priority as Omamari because those assets are still running quite nicely. We've got a bit of time before we need to repower Tararua and we've continued to develop our pipeline in New Zealand, which has been reflected in the transaction that we're talking about just before.

If we go to the next page, it's a Waipipi photograph there, trying to get some scale for people to see how large these things are getting. The final rotor lift is always an exciting time on a wind farm.

If we go first to Dundonnell, we managed to get 633 gigawatt hours in the financial year '21 out at Dundonnell, even with its constraints that really started to impact us from about this time last year. That construction project recorded no lost time injuries. It was the largest construction project that Tilt Renewables has undertaken yet.

All 80 turbines are running with 97% of the expected P50 generation by incoming out. It sort of relaxes us a little bit in terms of the tension with AEMO and we can just focus on getting the job done properly over the next few months.

93% of the output is under three different PPA contracts, offering some resilience in flexibility for that offtake. The Victorian Government of course were the foundation off-taker approximately two years ago.

For us, the community engagement for this project really stepped it up a notch. We received an award for our community engagement plan at Dundonnell and that was just our industry peers congratulating us for the extent of that engagement process and benefit sharing plan for the community.

So community is what we're all about, of course. We stand there for a long time and we want to be welcome members of those communities. So we believe we've got a market leading local, regional and state initiative package that we wrapped around Dundonnell and we'll look to do it again at our next wind farms.

I've talked a bit about Waipipi. On time, under budget. Completed on 5 March. The PPA with Genesis was applicable to Waipipi from the first commissioning megawatt hour out of that site and is now under our operations team. One-hundred-and-seven gigawatt hours of production out of Waipipi in financial year '21.

Again, community is very important to us and we've had a lot of engagement with the locals and including the iwi, the council and the host landowners. Of course, it's a region that's known for its energy infrastructure so they're pretty open to what we've done there and appreciated our input into that community that had a few hard knocks in terms of other businesses shutting down.

So we're happy. Construction-wise, we're in a good space and we're all set with a team that's been released ready for our next construction projects. I'm now going to hand over to Steve for our operational and financial results in detail. Steve?

Steve Symons: Thanks, Deion. Morning, everyone. The first slide there on slide 13 is just building on our safety. For those of you who are regulars on this call and our discussions, safety has been quite a focus of ours.

Over the course of the last couple of years, we weren't particularly happy as to where our safety levels were and there has been a lot of attention placed on that, which I think we've talked about over the last couple of years but I think this year is where we've really started to see the benefits of that.

It's encouraging that we continue to do that and we are seeing the benefits but it doesn't stop there. We did have a lost time injury at Waipipi and we don't like having those sorts of events. So safety is our priority around that and on the next slide, we'll talk about that a little bit more just in terms of what we've done.

But I think we are starting to see the benefits but like anything with Tilt we're not happy, we still want to continue to improve on that stuff. So yes and also, when we talk health and safety and the health safety of our people, it - with pretty well all of our team based in Melbourne, we have had lockdowns through the vast majority of calendar 2020 and really, the Victorian Government only allowed 100% back - occupancy back to the office only probably six to eight weeks ago.

So we've lived the life of lock down and the photo there is deliberately there of the team catchup with all being faces on a screen as part of that. It is the life that we're sort of becoming accustomed to but Deion and I, for the first time in a little while, are actually sitting here in New Zealand doing this call rather than out of Melbourne, which is good to see that.

We had a face-to-face Board meeting the last couple of days so it is good to be able to have the bubble back and being able to travel but we've done well through that period. I think we on-boarded probably seven or eight people during that period and the business continued to move along.

I think, as we've shown with all the things we continue to talk about, is the business did continue to move and operate and operate efficiently and effectively during that period. It probably has changed our focus a little bit and that - with adopting a more flexible working program for our staff and acknowledging that things can occur from home as well.

But it is still good to be back in the office. We can have 100% back in the office, just with our social distancing and the like, we've been able to accommodate that so I think we are starting to get people back in the office but we are all recognising that we do work under a new flexible world on that.

The next slide there is - Deion touched on it earlier around our new Health and Safety Manager and the fact that she reports to Deion. We have really done a lot of work in our approach and refreshed our approach to health and safety risk management.

We've also tied it into our new values that Deion spoke about right at the start of this presentation around the four pillars of our thinking strategy about belonging, learning, performing and organising. Then tying those into our values of leading, getting it done and being people powered.

So once again, it's simple, which is what - we like so people remember and it does resonate with people as we continue to develop. But it's something that we're pretty proud of and we've had assistance from outside on that.

The feedback is that the model that we've undertaken through this is going to be something that the academic that we've been using to assist us will actually look to roll out more broadly and use as a bit of a case study. So we're once again ticking things and getting it done on that front so I think it's a big pat on the back for the team as we've come through this year.

From the more numbers side of things, Deion has touched on some of those through the scorecard and the like. The comparisons, as Deion said, is skewed by the fact of Snowtown 2 exiting and then Dundonnell and Waipipi starting up.

I think in reality, as we've always seen, we were always going to have something skewing our results each year and I think we like that because if we don't, it means we haven't done anything during the period. So we're actually not unhappy with that and it does make it hard to compare but it also does mean we're continuing to do things.

So Dundonnell, yes, despite the commission delays and, as Deion said, we're effectively 97% of our P50 now, contributed more than 40% of the portfolio generation in the March quarter. Excluding Snowtown 2, the underlying earnings is up by 80% but obviously Dundonnell and Waipipi does affect that the other way.

The other point to note is that the - and Deion did mention it a little bit earlier, is that we are seeing softer wholesale prices in Australia and Dundonnell was subject to merchant pricing there until the VRET contract kicked in late September and then Snowy towards the end of the year and then Aldi early in this year.

So we were merchant for a period and prices were lower so that did impact us. Also when comparing the year on year, the next page over, I think we've got the waterfall. We are seeing LGC prices continuing to drop but that's as expected for the target's been overbuilt. We are seeing prices continue to come down as LGCs and that - we knew that was happening. That was forecast.

Availability - it's not as high as what we'd like at the moment but that is understandable and explainable. There's been a midlife refurbishment at Tararua 3, which has been undertaken on some yaw gears and the like. So that's affected availability there and there's also the element of Tararua 1 and 2 are getting older and they're smaller machines and do take more maintenance.

But that still was probably lower than where we actually wanted it to be and we've actually done a fair bit of work there in the last couple of months. I think the last period, I think for the whole of New Zealand, I think we've only had one machine not operational.

Which, when you think about it, at Tararua, with sub-megawatt machines, there's a lot of machines to get your size there. That's actually been a good result and we expect to see the benefits of that as we continue to move forward.

Next slide is just our EBITDAF walk and graph there. I think most of them are understandable and explainable as we have explained, obviously Snowtown 2 coming out softer prices in Australia due to Snowtown 1 being merchant and as I said before, the LGCs, which as we knew, were dropping down.

We did by virtue of having some lower production through some of the periods, especially with Dundonnell and the like, our O&M fees were lower but we also did through that refurbishment that I was talking about at Tararua 3, we had capitalised a portion of more than the previous year in terms of those O&M fees.

We have, as Deion indicated, from our development spend, we've continued to spend our normal amount of development as we do to be bringing projects forward. The difference is, this year is pretty well all of it hit the P&L, whereas last year, we capitalised a reasonable proportion of the Waipipi cost as we moved through to financial close.

So it doesn't necessarily represent the fact that we've ramped up the amount of spend that we've done. We've kept it there, it's just that a portion of that's been able to be capitalised more than what we've been able to do this year. Then you see the Dundonnell and the Waipipi impact of them coming on board.

The next slide there is just bringing some of that stuff all together with just comparing it for the last three years and most of it, we've spoken about before. The blip in earnings per share is obviously as a result of what we saw last year with the fantastic result that we had on Snowtown 2.

But even if you compare it to year-on-year from FY19 to '21, we have seen a significant increase in that and that's partly seeing the Dundonnell come forward and even with Snowtown 2 coming out of that as a one-off.

We've distributed $258 million out during this year as a return to shareholders so - but we continue to grow the asset base which leads nicely into the next slide around our treasury and gearing.

We are currently undergeared. I think that's recognised and to a large extent deliberate because we used some of the cash from Snowtown 2 to be paying down debt. We have

drawn debt throughout the year for both Waipipi and Dundonnell as those projects have moved forward to completion.

But with that, at 29% gearing and look, that's only against the cash-only portion of the balance sheet. If you add in the financial instruments that are there, which are term deposits, that number drops down to to about 19% or so, I think, from memory. So it does significantly drop down.

It does show that we're well placed to move forward with funding on the Rye Park which we're continuing discussions on that. As Deion said, we are looking for an early Q3 investment decision on that project.

So as you can imagine, given the timing and where we sit today, we're well advanced on those arrangements and as to how we continue to move forward with that project and with financials certainly for us to be able to deliver on that project as well.

The next slide, just on our liquidity and funding, probably nothing too much out of the ordinary there - we've delivered $46 million free cash from operating cash flows. We've built the asset base and we've drawn debt to do that is that story that works through.

It's obviously worth noting that the interest on Dundonnell is still being capitalised because we haven't converted that and as was the interest from Waipipi up until we convert that for the purposes of practical completion in - sorry, not practical, operational completion in March. So that's why our interest expense on a P&L perspective is lower during the year.

Looking forward, the outlook for FY22, we have for the first time split this between Australia and New Zealand in terms of the EBITDAF, primarily because of what we're seeing with the transaction that Deion was talking about and also the interest of the independent valuer who will be preparing their valuation report which will accompany the scheme booklet when that's released in the coming period.

So it made sense to be disclosing that to the market in that way as well with the ultimate - from a Group EBITDAF basis, at between $100 million and $114 million, which is a step up from what we achieved in FY21, it being the $70 million, nearly $75 million effectively, on that.

So that's really with the Dundonnell for a full year, Waipipi for a full year and then there's some other adjustments down. Obviously we've seen continued lower prices from Snowtown which is remaining uncontracted.

LGCs, we're continuing to see come down in price as well. As we say, they're circa $15 to $20 for LGCs and the upside of having all the revenue coming through from Dundonnell, we've also got to pay some costs, being the O&M costs, which come across the other way.

So that's, yes, I think we're pretty comfortable as to where that's sitting going forward but we're pretty confident we'll deliver that. Obviously that's subject to a P50 wind which that's the one thing we can't control within the business and I think that's acknowledged across the board.

So with that, that's the end of our formal presentation and we'll - we might just hand it back to take questions.

Operator: Thank you. If you wish to ask a question, please press star one on your telephone and wait for your name to be announced. If you wish to cancel your request, please press star two. If you are on a speaker phone, please pick up your handset to ask your question. Your first question comes from Phil Campbell from UBS. Please, go ahead.

Phil Campbell: (UBS, Analyst) Morning guys. Great result. Just wanted to - I know in terms of the dividend for FY21, there was no intention to pay a dividend, but obviously as part of the SIA, there is allowance for a permitted dividend of up to $0.081 per share. Has there been any decision made on that or can you make any comment on what is the likelihood of that being paid?

Deion Campbell: Yes, g'day Phil. Look, the Board will consider the potential for a special dividend over the next couple of months but you're right, we have got some ability to pay up to $0.081 under the SIA. So no decision. Still being considered. It's probably dependent on how much cash we have available once we look at what Rye Park requires because the business is still a little bit fluid at the moment.

Phil Campbell: (UBS, Analyst) Yes, that was a - my second question was just do you have any kind of broad indication of how much Rye Park will cost?

Steve Symons: Yes, hi Phil, it's a big project. It's $750-ish million give or take. Anyhow, that's what the give and take is the part of the point of how much do we have available for - our cash and debt requirements with that. We're still working that through.

You're seeing things are [fluctuating] at the moment. You've seen some challenges in the Australian market with delivery from projects so that's working through. Iron ore prices are through the roof so we're seeing steel prices increase. So they're all the things at the moment that we're working through to ultimately come up with a position.

Phil Campbell: (UBS, Analyst) Right, awesome. Thanks for that.

Operator: Thank you. Your next question comes from Nevill Gluyas from Jordan. Please, go ahead.

Nevill Gluyas: (Jarden, Analyst) Good morning, team. A couple of - well actually, more than a couple of questions from me. Maybe I'll just run through them quickly. Omamari, can you tell us what the timeline for consenting is, you know, roughly when you think you might get consent by? Sort of a reasonable [the resolution] of that.

Whether or not you've got any kind of - anything to tell us or any revelations from the study into the Dundonnell blade separation and just on Waipipi, in terms of the look ahead for FY22. I presume that all of the FY21 generation was not yet under a PPA because the project wasn't completed. If you could confirm that and whether or not I'm correct to read that the uplift for New Zealand for FY22 in your guidance implies that Waipipi is producing about AU$25 million to AU$27 million EBITDA? Thank you.

Deion Campbell: Right, Nevill, thanks. Yes, I'll duck straight into it. It's Deion here. I might have a crack at the Omamari timeline. That you might have seen there was some media earlier in the week where I think we received our land - our earthworks consent from the regional council already but the main consent for the windfarm application is in.

I think we have received 12 submissions on that consent and we'll be progressing that. So we expect to have an outcome sometime this calendar year for Omamari.

In terms of the Dundonnell blade separation, we've - we're still working with Vestas on the root cause. They've got their serious incident team based out of Denmark. We're having weekly calls with them at the moment as they try and assess what's causing those bolts to come loose.

It's not just a problem facing Dundonnell, I think that's encouraging. It's not something peculiar to what we've done and the fix though, is to install some locking washers on each of the bolted connections in each of the turbines.

So it's quite an undertaking and I think we're roughly two-thirds of the machines have now had those locking washers installed. There remains regular fortnightly-odd testing and re-torquing of the other bolts and just to keep the machines running in the meantime. So they've got a fix. They probably don't quite yet understand the full cause of that but we'll keep working with them.

I did mention earlier and possibly ran through it a bit fast. The Waipipi wind farm PPA actually started at the first generation so it was on foot for all the generation received from Waipipi in FY21. So we had no exposure to spot there. In terms of the FY22 contribution, I'll hand it to Mr Money here.

Steve Symons: We can do that. G'day Nevill. Look, broadly - you're broadly close on that, mate. The thing to remember is that there is escalation in the existing offtakes with Trustpower so there's net element of escalation. There's also the fact that New Zealand was a bit behind on production in terms of P50 production for FY21.

With all that, remember we had told the market broadly that an annual contribution from Waipipi was around about $20 million, $21-type million. So with all of that stuff in the mix, that's still about where it sits, if that makes sense?

Nevill Gluyas: (Jarden, Analyst) Yes. No, that's perfect. That makes great sense. Thank you both. Very clear, thanks.

Steve Symons: No problems. Thank you.

Operator: Thank you. Once again, if you wish to ask a question, please press star one on your telephone and wait for your name to be announced. Your next question comes from Giles Parkinson from RenewEconomy. Please, go ahead.

Giles Parkinson: (RenewEconomy, Analyst) Sorry, I've got a frog in my throat. Thanks, Deion. Hey, just a couple of questions. I'm just noticing with Dundonnell, you're now saying it might not get to full production until the end of this year.

I think when you got to the 90% level, you were hoping that full production would be reached at the end of last year or maybe it was the end of the financial year but anyway, but it seemed to be some ongoing delays. I'm just wondering what the issue is there? You did mention modelling issues with AEMO.

I'm just wondering if you can enlarge again on your storage projects and it's six months since we last spoke about this, I'm just wondering how your thinking has evolved and how do you see the market?

Deion Campbell: Okay, good morning, Giles. Thank you for that. Good to see you're looking after your throat. In terms of Dundonnell, I guess you know that the situation with AEMO's progress through what's happening on that grid is still quite fluid and so unfortunately for us, we are working with AEMO and Vestas on the modelling approach.

We're hoping to make that to the 300-megawatt hold point that was our original hold point three. We're hoping to get to there, with AEMO's permission, sometime in the next few weeks.

Subsequent to that hold point test, we have to integrate reactive support equipment into the wind farm, which was not included in the original registration process so we've got to go through what is known as the 539 process with AEMO.

That application for the 539 approval was - is being prepared by Vestas at the moment and considered by AEMO and we're hoping that with that, as it progresses, we'll get to the full output sometime later this year but it will be later this year. Just AEMO is also very, very busy at the moment trying to make a better life for us renewable participants over there.

So it's still pretty challenging and as I said, the fact that we're producing 97% or more of our P50 yield or that type sort of calms us down a bit but we would like to have the job done.

Giles Parkinson: (RenewEconomy, Analyst) Can you just explain what the reactive support - the reactive support from technology requires? And just, do you have a view? I mean, you mentioned it wasn't in the original registration process. Do you have a view of the fact that you now have to do it despite the fact it wasn't originally required?

Deion Campbell: Yes, so we - I guess that was a bit of an own goal from - I'll say us and Vestas. We didn't realise we needed to install - back then, some capacitors, just to help with reactive power absorption on that site.

So the capacitors are installed and ready to go, they're just not turned on yet until we get permission to do that from AEMO. So there was just some early-stage modelling on the size of transformers installed on that site. Those transformers were changed and the model that we used to apply for our registration wasn't updated at that time and should have been.

So as I said, that was a bit of an own goal but it's just adding some caps to the model. So it's not difficult but it is just a process. Well since then, I think we've had - I'll say 80 versions of the National Electricity Rules have gone through so there's a bit of additional impost on us.

We'll get through that. I think our largest problem is actually getting to the 300-megawatt hold point over the next - [I'll say] two or three weeks.

Steve Symons: The important thing to note as part of that, Giles, as well, is that the capacitors that are there, that's at no extra cost to the project. So it's fully funded, it's already been paid for as part of our EPC contract with Vestas. So you know, Deion talks about the - it wasn't fully expected but it's not a cost impost on us.

Giles Parkinson: (RenewEconomy, Analyst) Okay and battery storage?

Deion Campbell: Yes, so still very keen. Pet projects of mine, as you know and our focus has been on trying to put a battery notionally behind the meter at Snowtown 1. We've had an offer of a support grant from the South Australian Government sitting there for a while.

Working very hard on modelling the same old - the same old turn to the handle with ElectroNet and AEMO models and so forth and we're actually just really struggling to get that process settled to the point where we can say yes to the project and accept the grant and move on. So it's still a work in progress but we've got a couple of other…

Giles Parkinson: (RenewEconomy, Analyst) Yes, but…

Deion Campbell: Sorry?

Giles Parkinson: (RenewEconomy, Analyst) Yes, sorry to interrupt. Is that because of the complexities of having an existing wind farm with its own existing registration and then having to alter that and the generating and performance standards because you're adding a battery behind the meter?

Deion Campbell: Yes, that's exactly right. So look at a high level, we need to find a way to get these legacy assets enabled to put storage there without opening up the GPS. These old machines can't live up to the new rules, right? So we thought we'd trailblaze that with Snowtown and try and make some progress.

First - the first problem was, the turbines there never had a model so we're not sure how therefore we're getting modelled down to the microsecond when the model does - it's just using block diagrams for some large numbers of turbines out there.

But anyway, we've worked hard to get a turbine model. Unfortunately, even though those turbines are running, there's some behaviours that aren't attractive to ElectroNet and AEMO and therefore, they're not willing to let us put the battery in.

I just don't get it. I won't say anything more because the battery can only enhance that asset but they just can't get their head around it. So again, back to the old problem. We need some leadership in this industry.

So I think Snowtown 1 battery will be continued to be worked on but we might find our attention being taken more to stand alone batteries that we've got some sites for in Victoria because I still believe storage is going to be part of the future.

Understanding what a battery does, how to control it and how to interface it with your other assets is going to be an important feature of a generator going forward.

Giles Parkinson: (RenewEconomy, Analyst) Okay. It's pretty frustrating if they don't allow you to actually install it because of those things.

Deion Campbell: Oh, it's - there's quite a bit of frustration around the place at the moment.

Giles Parkinson: (RenewEconomy, Analyst) Okay. Thanks, gentlemen.

Deion Campbell: Pleasure.

Operator: Thank you. Once again, if you wish to ask a question, please press star one on your telephone and wait for your name to be announced. We will pause to allow questioners to join the queue.

Steve Symons: Amanda, we do have someone here with us here who's got a question so we might take a question from Andrew, if that's okay?

Operator: Thank you.

Andrew Harvey-Green: (Forsyth Barr) Yes, I do. I have a couple of questions. Thanks, Steve. I guess first question is just around the Tararua 3 repowering and what you may have learnt out of that process?

Reading your explanation around the capitalisation of costs, it sort of suggested maybe there's some unexpected asset replacements there. So yes, just interested to know what you learnt there and what that might mean for the sites repowering and what's your current thinking there?

Deion Campbell: Sure. So yes, Tararua repowering. I guess we're looking at that because those machines are 20-plus years old. The stage 1 is.

Andrew Harvey-Green: (Forsyth Barr) Yes.

Deion Campbell: The capitalisation that you talk about as our process, meaning we had large components replaced on that - on any of our sites, we capitalise the costs out of our O&M. Cash doesn't change, we just capitalise some of it.

So at Tararua 3, we've had some reasonably large mid-life refurbishment works happening. Vestas are in control of that and - but it's had the machines out for a bit and some capitalisation.

Tararua 1 and 2, they've probably had a normal level of capitalisation or major component replacement for the year so we're seeing - it's becoming harder and harder to keep the availability up on that Tararua 1 and 2 site so there will be a point where it's no longer economic.

We've got a - I'll say a fixed price O&M agreement on Tararua 1 and 2 that lasts for about another three years. So there'll be a re-contracting at that point and that's probably a key decision point for us in time.

Andrew Harvey-Green: (Forsyth Barr) Yes.

Steve Symons: There's works going on now in terms of what that looks like and life extension and what's the cost of that and - but at the moment the T1 and 2 don't have an availability guarantee so what would it take cost-wise to get that guarantee as well? In addition to the whole repowering side of things as well.

Deion Campbell: Yes, so it's just one of the things we - we'll iterate our way for the right answer at some point.

Andrew Harvey-Green: (Forsyth Barr) Yes.

Steve Symons: I suppose the thing is with that, there's some good learnings to be done but there's no rush because it is still - you know, availability is not exactly where we want but it's still pretty strong and it's still making us - we're still making money out of the site, so yes.

Andrew Harvey-Green: (Forsyth Barr) Yes and the second one was just more a broad, what's the market doing from a development perspective one versus the other and I guess in New Zealand we've just had the announcement yesterday from Lodestone, which I think is our first large scale solar development.

It looks reasonably attractive, $1.3 million per megawatt. So yes, in terms of what you're seeing, I guess both in the New Zealand and Australian context?

Deion Campbell: Yes, good question. I think we - as you know, we've got solar options available. We have not put any in New Zealand mainly because we've seen that in Australia, we have better options that aren't solar to put our money into.

I think that's just - that's probably going to play out over time in New Zealand as well, the solar - if you look at the load profile of solar, we all know it doesn't happen at night and you combine it with New Zealand's wind, actually the complementary nature that you do see wind and solar in Australia, it probably isn't as prevalent here.

So I don't see a big - a huge future for solar in New Zealand. There will be some. Lodestone, good on them. They talked about some LCOEs in some of the media yesterday and I think there were some comments saying that they probably have misjudged where wind LCOE is sitting at. They're not competitive at those numbers. So good on them, go for it, but we don't see solar here yet.

In Australia, we maintain a position with some options in Australia for solar because we'd like to be able to respond if conditions suited. They - again, in Australia, there's been quite a large domestic rooftop solar build and it's really impacting delivered prices for solar at all scales in Australia.

So until you can back it off with some batteries somehow, try and shift the energy, we probably don't see much to move on in solar in Australia yet either.

Andrew Harvey-Green: (Forsyth Barr) Okay. That's all from me.

Deion Campbell: Thank you. So Amanda, is there anyone else on the line?

Operator: We are showing no further questions at this time.

Deion Campbell: All right, might wrap it up on that basis. Thank you all for joining in and we'll wrap it up for today. Thanks very much.

End of Transcript