



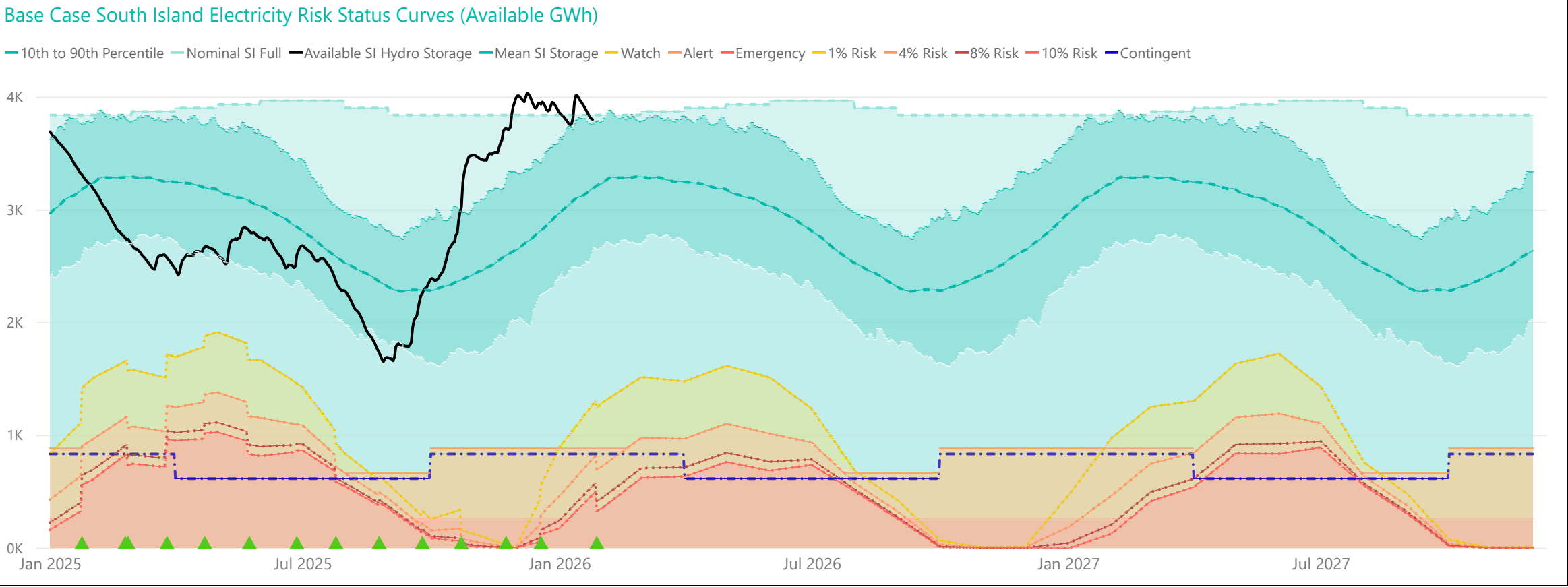
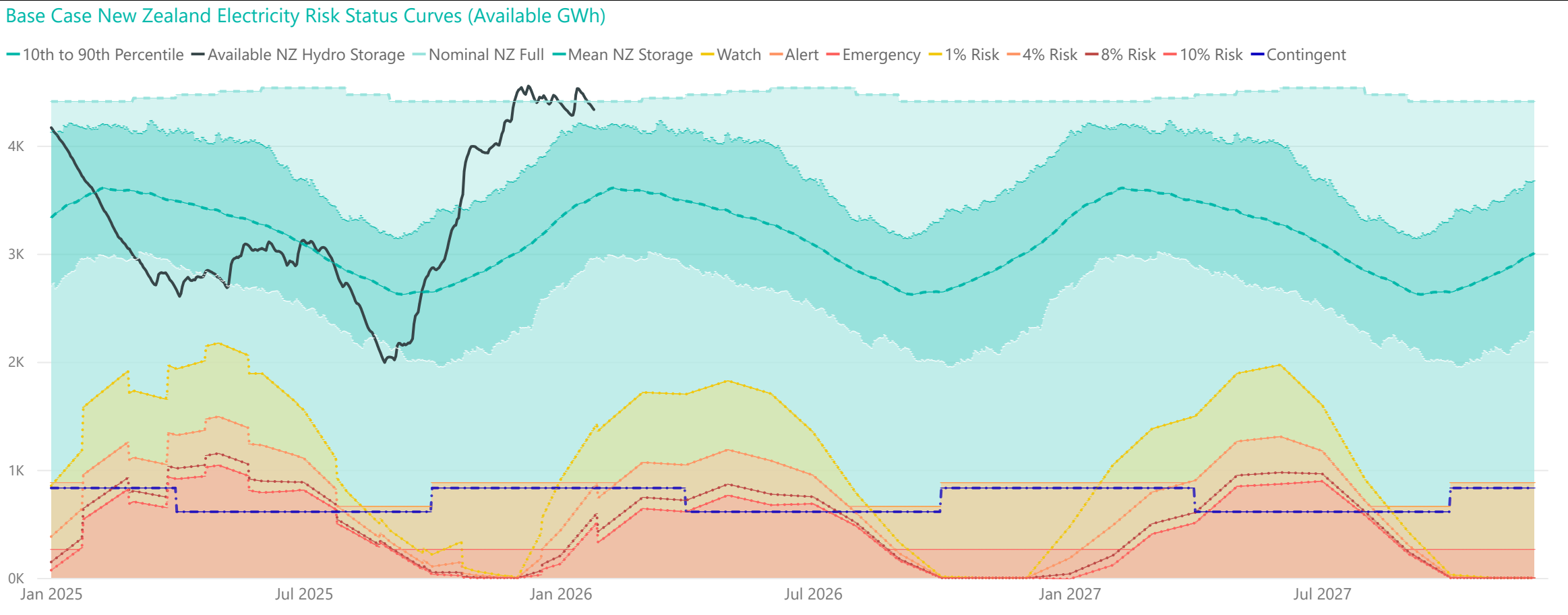
January 2026 Energy Security Outlook

Wednesday, 28 January 2026

- The national controlled hydro storage position remains very high and now sits at 127% of the historic mean at 26 January. South Island storage is at 125%.
- Since the December Energy Security Outlook gas storage has increased. However, this is partially offset by an increase to the demand forecast and slight decrease in gas production forecast over 2026. The net effect on the Watch, Alert, and Emergency curves is a modest decrease over the January-April 2026 period, and an increase for July and August 2026.
- No Simulated Storage Trajectories (SSTs) cross the Watch curve in 2026 or in 2027. This assumes the market supplements the existing coal stockpile at its maximum import capability to maintain increased thermal generation during any extended periods of low hydro inflows.
- As we approach winter 2026, an ongoing focus on hydro storage management and ensuring sufficient backup thermal fuels and capacity remains necessary to mitigate the potential for very high prices.
- As of January 2026, hydro storage, gas storage and coal stockpile are all sitting at or close to their maximum levels.

Base Case - Electricity Risk Curves (ERCs) Updates and Assumptions

- An increase in Ahuroa gas storage and a decrease to the gas production forecast for the period to the end of December 2026. Gas production forecasts for 2027 have slightly increased since the December update.
- All three Huntly Rankine units are available in 2026 with the exception of Huntly Unit 2 currently on outage until the end of April.
- TCC is no longer modelled following its announced exit at the end of 2025.
- Updates to planned generator outages and upcoming commissioning dates.
- Input data was prepared as of 20 January. The current hydro storage level is as of 26 January.




Energy Security Outlook Explanation:  
[Energy Security Outlook 101](#)

Watch Curve - The one percent risk curve.  
Alert Curve - The maximum of the four percent risk curve and the floor.  
Emergency Curve - The maximum of the 10 percent risk curve and the floor.  
Official Conservation Campaign Start - See cl. 9.23 of the code.  
Official Conservation Campaign Stop - See cl. 9.23A of the code.  
Triggers and actions of Watch/Alert/Emergency status are set only by the official base case curves (not scenario curves).

Note: The floor is equal to the amount of contingent hydro storage that is linked to the specific electricity risk curve, plus any contingent hydro storage linked to electricity risk curves representing higher levels of risk of future shortage, and the buffer. The default buffer is 50 GWh.

Base Case - Changes in the Electricity Risk Curves From Previous Update

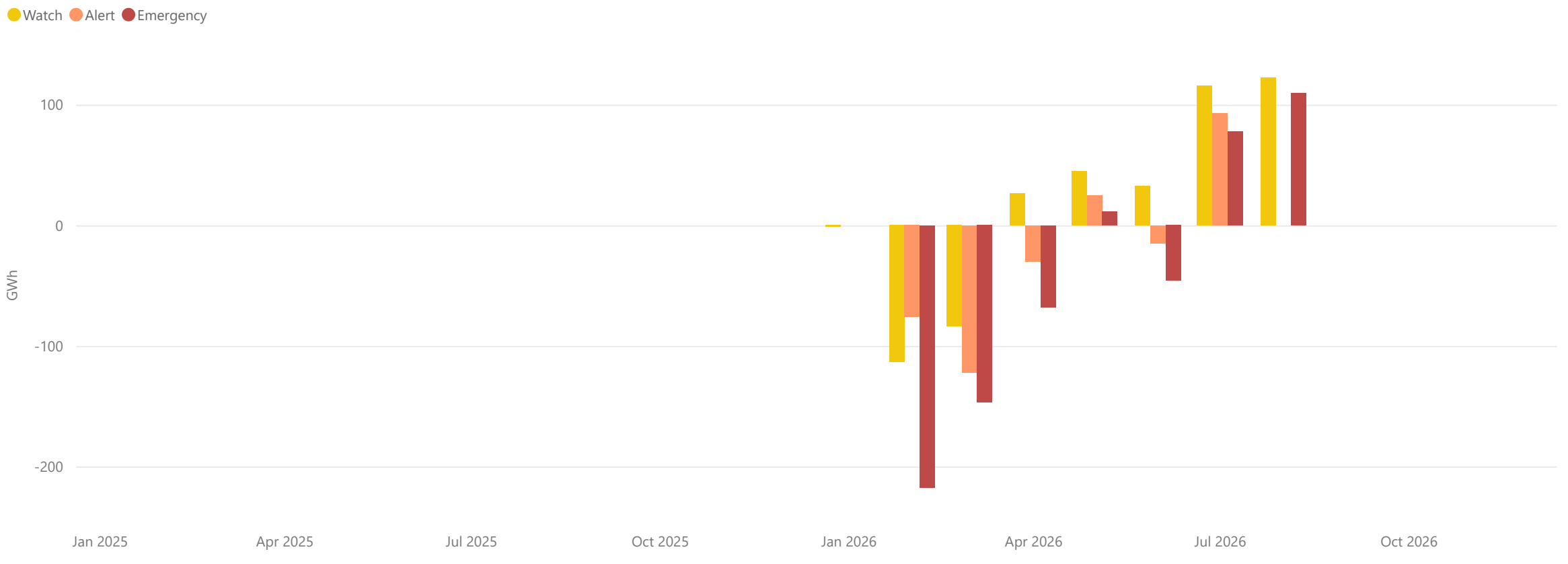
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The changes to the Watch/Alert/Emergency curves compared to the last update are shown below.

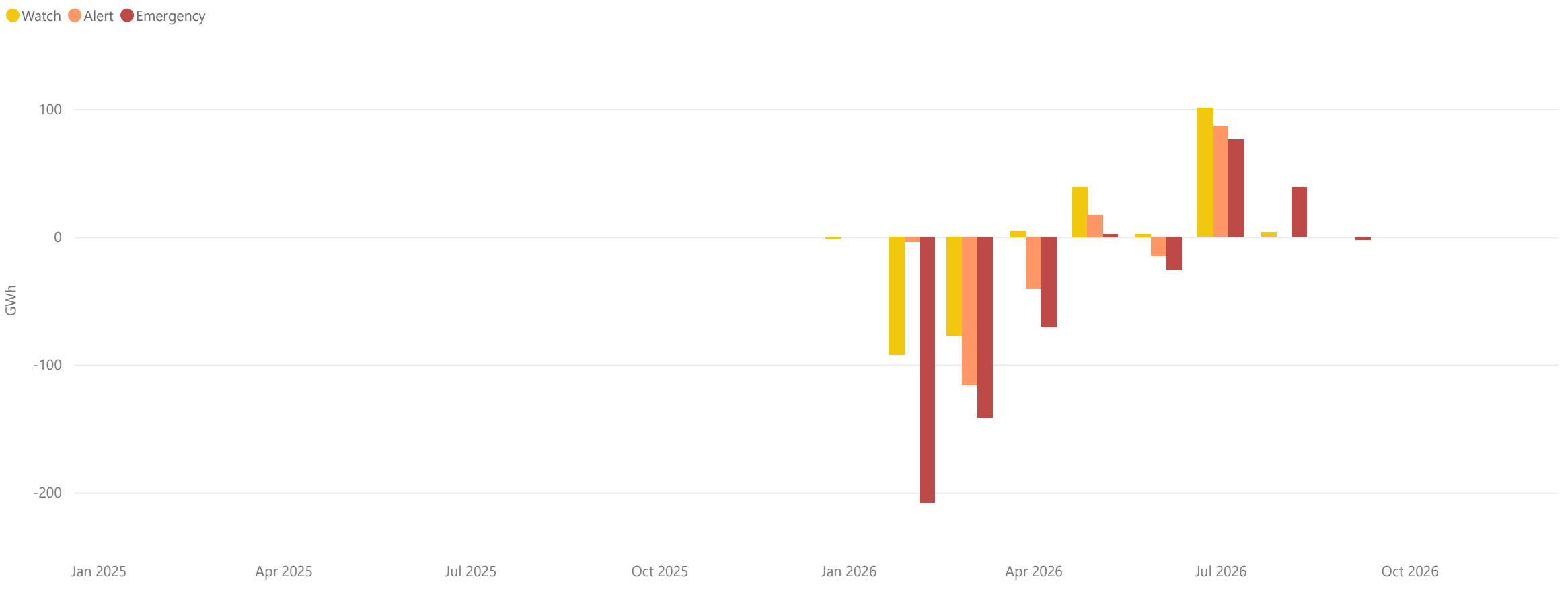
The most significant changes in this update to the ERCs are an increase to stored gas in the Ahuroa Gas Storage facility (AGS), pulling the risk down, and an increase to the demand forecast for the two-year horizon, pushing the curves up. The combined effect of these changes is a decrease to the risk curves from January to April 2026, and an increase to the risk curves for July and August 2026. There is no change to the risk curves for 2027 yet as this is the first update to include 2027 in the ERC horizon.

The New Zealand Watch curve decreased by up to 113 GWh in February 2026 but increased by 122 GWh in August 2026, while the Emergency curve decreased by up to 217 GWh (also in February 2026) and increased by 110 GWh in August. The South Island Watch and Emergency curves decreased by up to 92 GWh and 208 GWh respectively, also in February 2026.

Base Case - Change in New Zealand Electricity Risk Curves



Base Case - Change in South Island Electricity Risk Curves



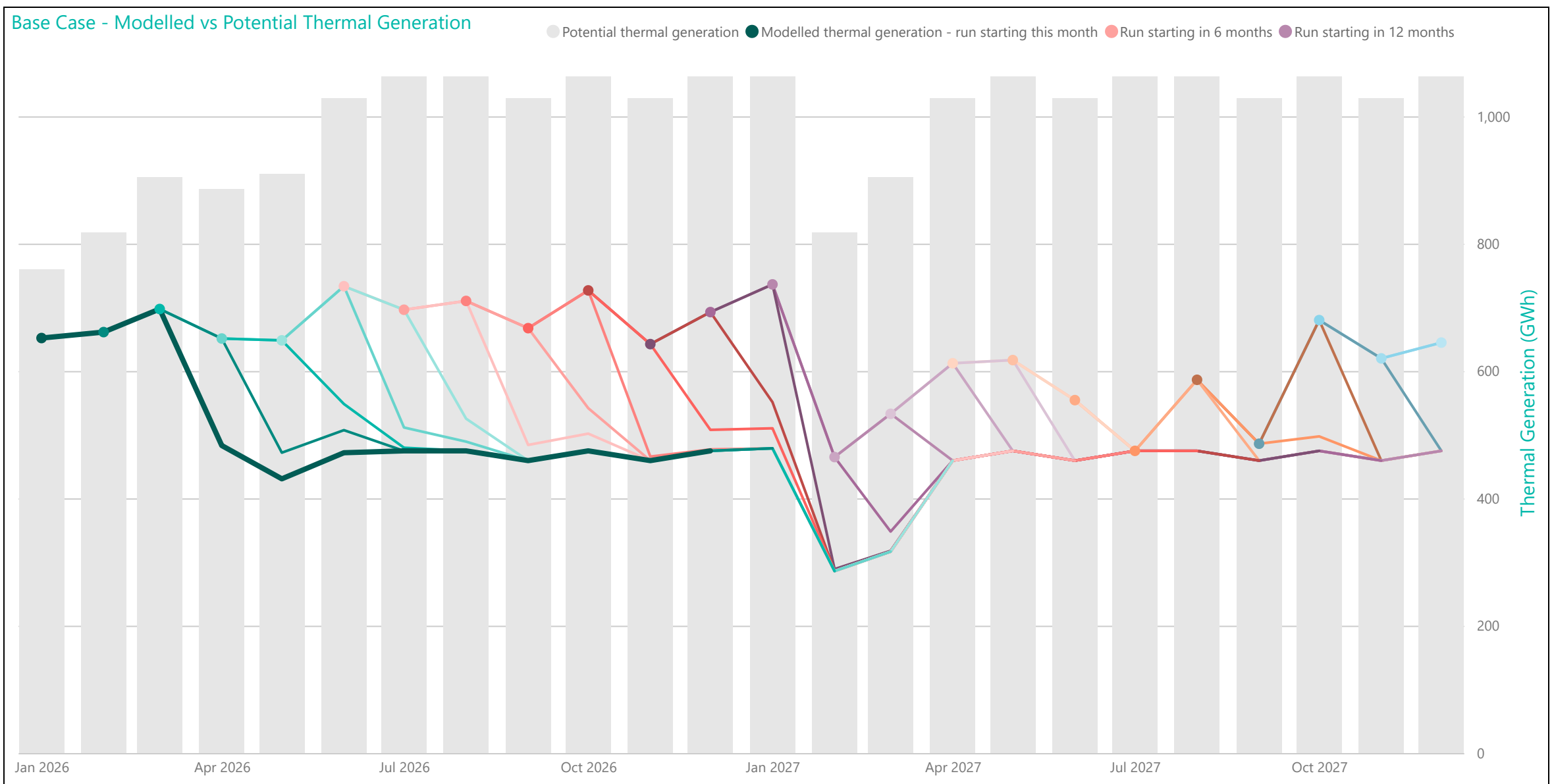
## Base Case - Thermal Deratings

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The thermal deratings and key considerations for the January 2026 ERCs update are below:

- Thermal generation capability increased throughout most of the horizon in this update, due to a greater quantity of stored gas.
- A decrease in the gas production forecast over the next 12 months slightly retracted from the increase in thermal generation capability relative to last month's update.
- Note that the deratings on thermal generation would decrease if more coal or gas is made available for electricity generation than what has been modelled.
- Gas storage levels at AGS have increased to 6 PJ as of the beginning of January and could fuel a large combined cycle gas plant at full output for ~3 months (ignoring draw down rates) or a peaker for ~10 months.
- The current coal stockpile can fuel three Rankines at full output for ~4 months, or one Rankine for ~13 months without further imports.

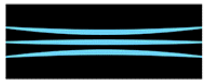
On the chart below, potential thermal generation is the total capacity of available units. Modelled thermal generation (shown by the lines) is what those units could generate using the gas and coal available for electricity generation. There is a separate model run starting each month, with the start of each run shown by a dot. In the table, each row corresponds to a separate run. Each run starts with a stockpile of stored coal and gas, and modelled generation tends to decline initially as this stockpile is consumed. Whirinaki is a diesel generator and is not included in the charts below, however it is still included in the model where it is limited to 60 GWh generation over a 6 month period.



### Modelled Thermal Generation (GWh) by Run Month

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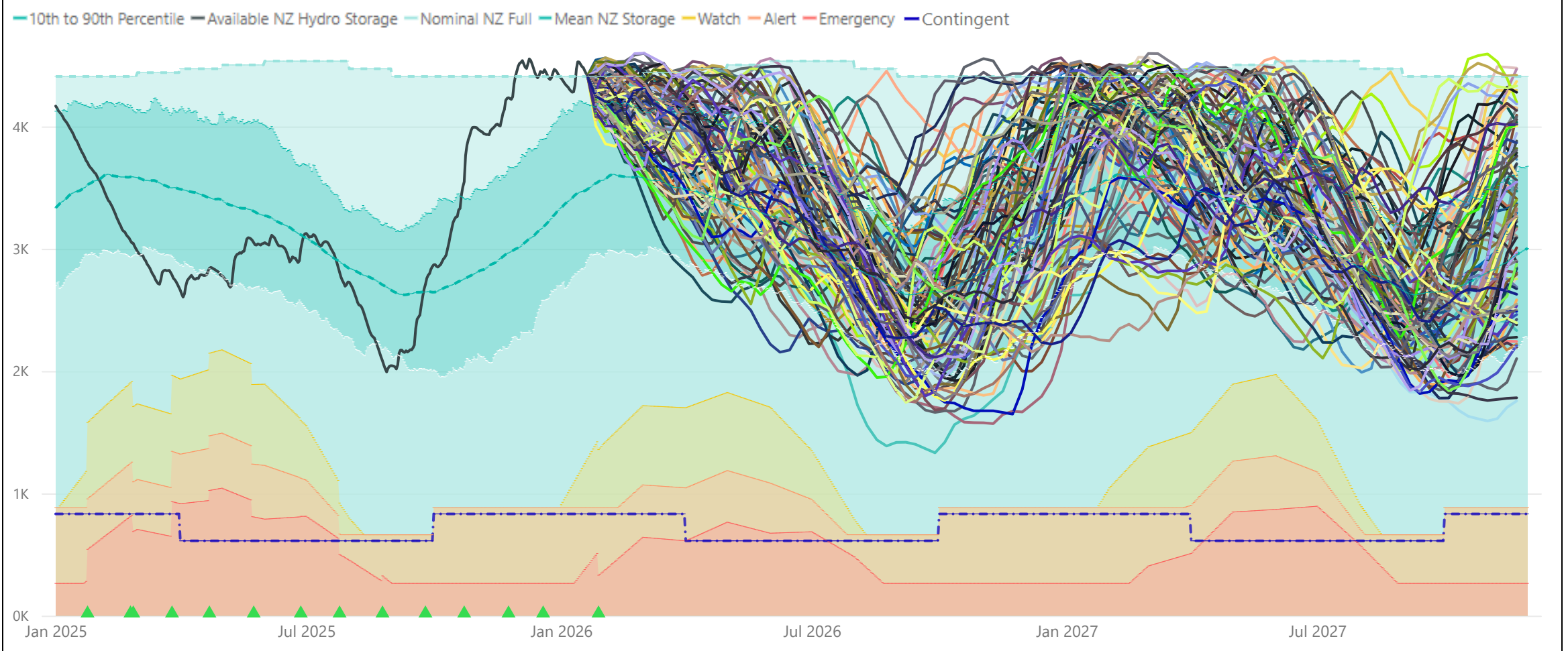
## Base Case - Simulated Storage Trajectories (SSTs)

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The January SST update is shown below. No SSTs cross any risk curves during the outlook horizon (to the end of 2027).

The SSTs shown have a hydro storage starting date of 20 January.

Basecase - New Zealand SST Electricity Risk Status Curves (Available GWh)



Basecase - South Island SST Electricity Risk Status Curves (Available GWh)

