February 2026 Energy Security Outlook

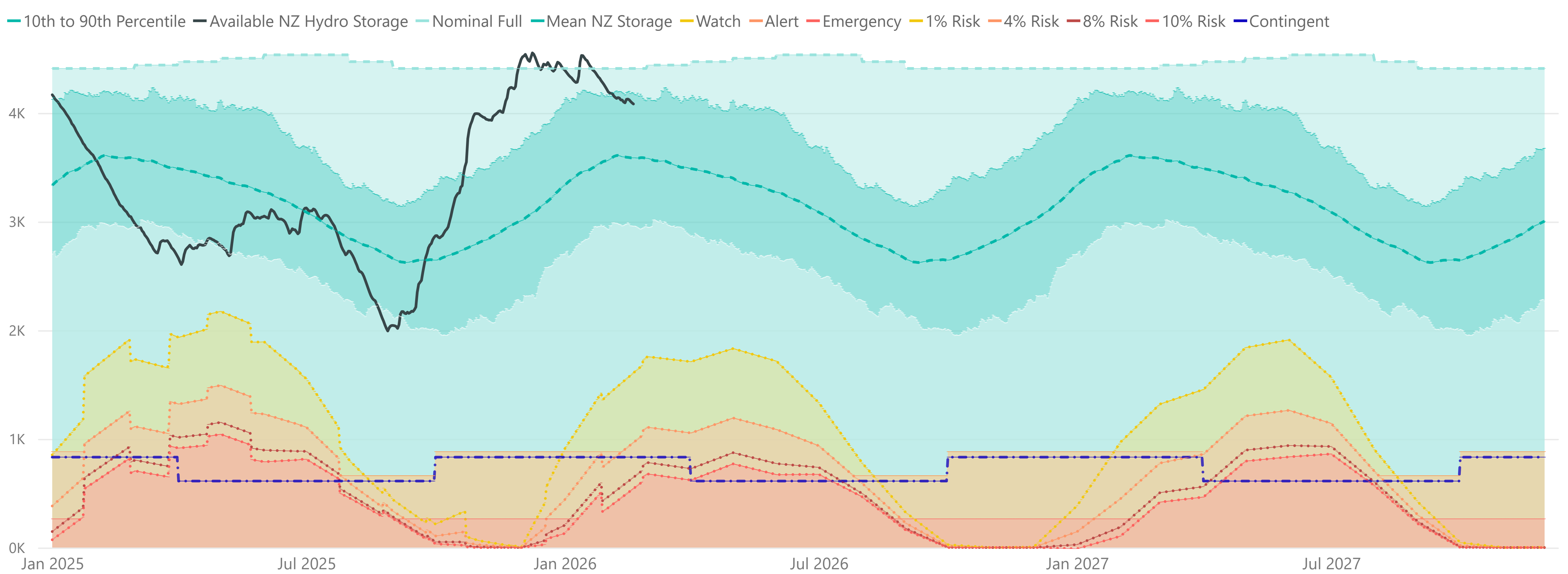
Thursday, 26 February 2026

- The national controlled hydro storage position remains high, but has fallen to 113% of the historic mean at 24 February. South Island storage is at 107%.
- The risk curves in this update are very similar to the January update, with small changes driven mostly by changes to outages and modelled commissioning dates.
- 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 and spring 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.
- Current levels of thermal storage (gas and coal) remain close to their maximum levels.

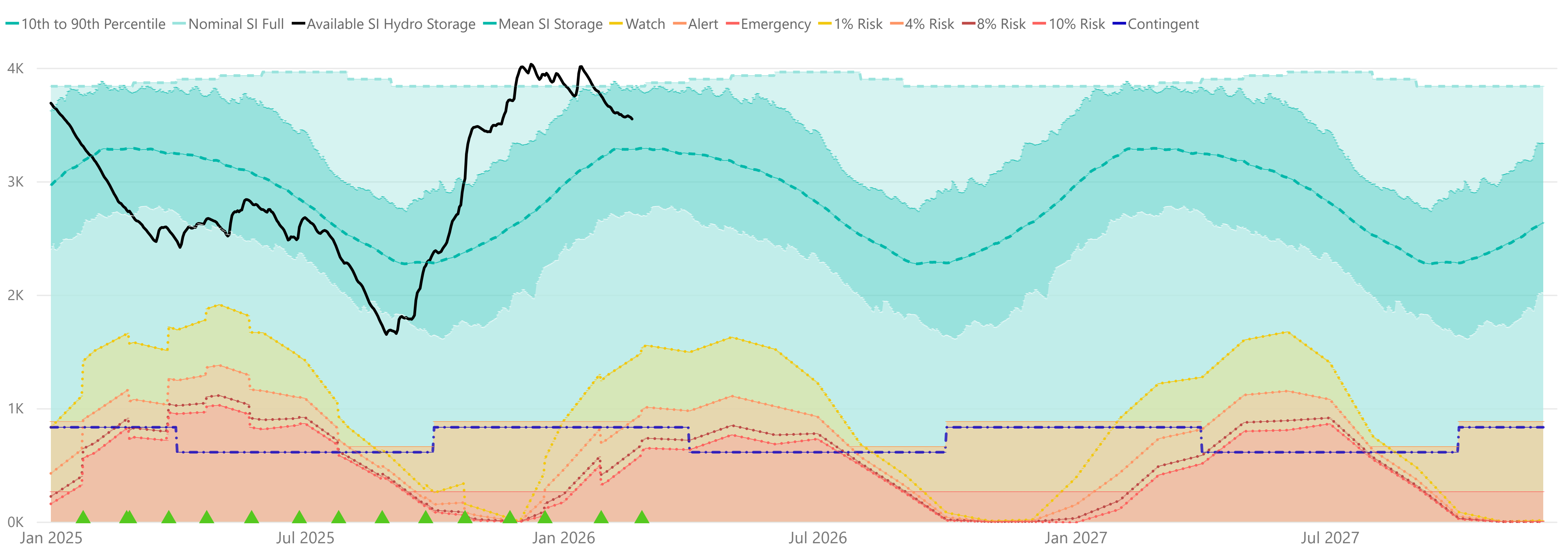
Base Case - Electricity Risk Curves (ERCs) Updates and Assumptions

- An increase in Ahuroa gas storage, and a decrease to the gas production forecast.
- All three Huntly Rankine units are available in 2026, except for outages. Unit 2 is 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 17 February. The current hydro storage level is as of 24 February.

Base Case New Zealand Electricity Risk Status Curves (Available GWh)



Base Case South Island Electricity Risk Status Curves (Available GWh)



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.

There has been a small increase in the curves in March 2026 (NZ Watch curve increased by 40 GWh, South Island by 41 GWh) due mostly to an increase in confirmed outages. There has been a small decrease in 2027 (January NZ watch curve decreased by 74 GWh, SI by 67 GWh) due to the inclusion of projects due to commission in 2027 that were not included in January's update.

There has been an increase in stored gas in the Ahuroa Gas Storage facility (AGS) since last month, along with a reduction in forecast gas production. These effects roughly cancel in the March 2026 risk curve calculation, and would increase the curves in 2027 but are outweighed by the newly modelled generation projects.

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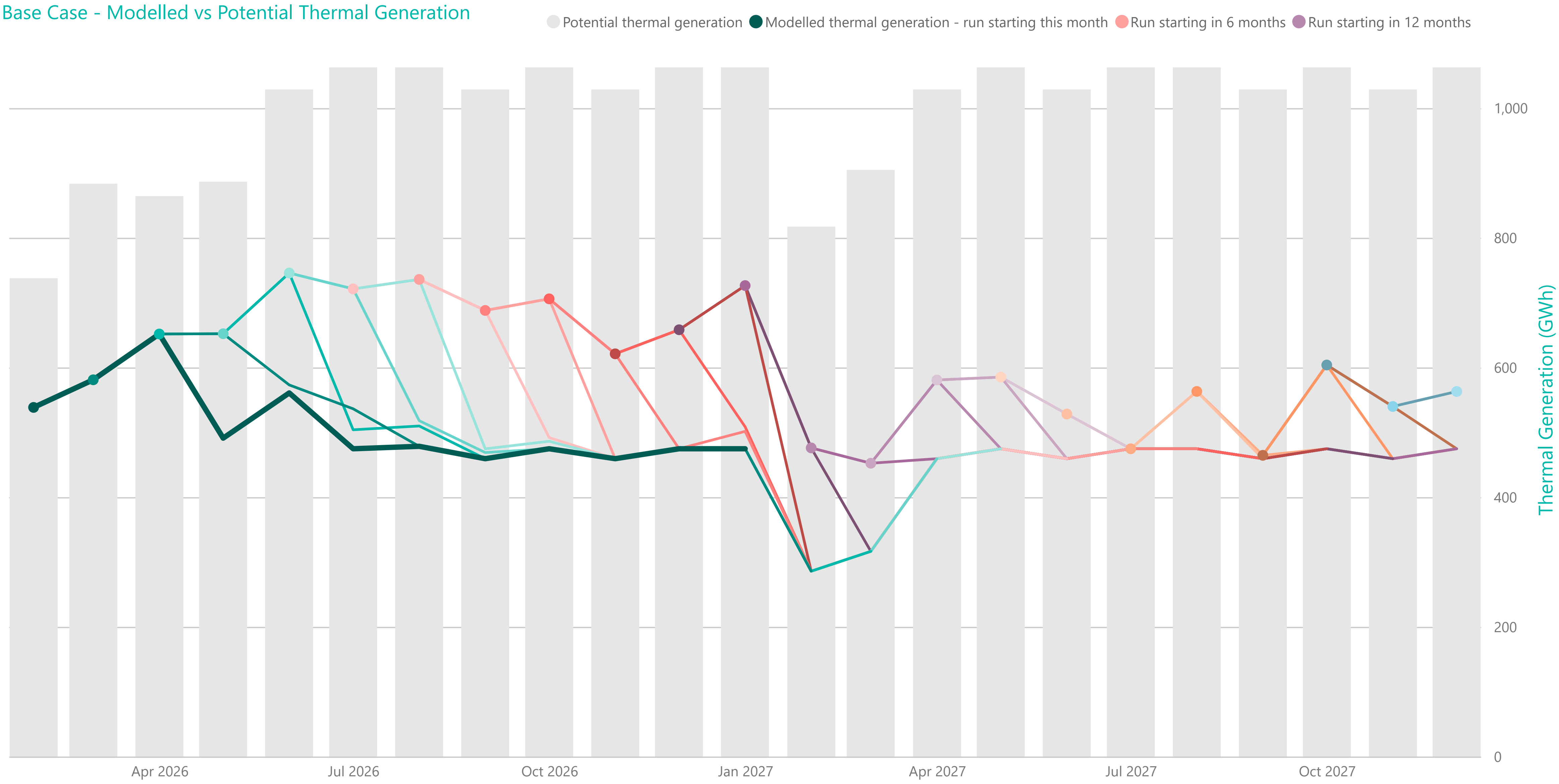
The thermal deratings and key considerations for the February 2026 ERCs update are below:

- Thermal generation capability is similar to last month's update, with a greater quantity of stored gas but a lower gas production forecast.
- 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 6.5 PJ as of the beginning of February 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.

Base Case - Modelled vs Potential Thermal Generation



Modelled Thermal Generation (GWh) by Run Month

Run Month	2026-02	2026-03	2026-04	2026-05	2026-06	2026-07	2026-08	2026-09	2026-10	2026-11	2026-12	2027-01	2027-02	2027-03	2027-04	2027-05	2027-06	2027-07	2027-08	2027-09	2027-10	2027-11	2027-12
2026-02	538	581	652	491	561	475	478	459	475	459	475	475											
2026-03		581	652	652	573	536	478	459	475	459	475	475	286										
2026-04			652	652	746	504	510	459	475	459	475	475	286	316									
2026-05				652	746	721	518	469	475	459	475	475	286	316	459								
2026-06					746	721	736	474	486	459	475	475	286	316	459	475							
2026-07						721	736	688	492	459	475	475	286	316	459	475	459						
2026-08							736	688	706	459	475	475	286	316	459	475	459	475					
2026-09								688	706	621	475	501	286	316	459	475	459	475	475				
2026-10									706	621	658	508	286	316	459	475	459	475	475	459			
2026-11										621	658	726	286	316	459	475	459	475	475	459	475		
2026-12											658	726	476	316	459	475	459	475	475	459	475	459	
2027-01												726	476	452	459	475	459	475	475	459	475	459	475
2027-02													476	452	581	475	459	475	475	459	475	459	475
2027-03														452	581	585	459	475	475	459	475	459	475
2027-04															581	585	528	475	475	459	475	459	475
2027-05																585	528	475	475	459	475	459	475
2027-06																	528	475	563	459	475	459	475
2027-07																		475	563	464	475	459	475
2027-08																			563	464	604	459	475
2027-09																				464	604	540	475
2027-10																					604	540	563
2027-11																						540	563
2027-12																							563

Base Case - Simulated Storage Trajectories (SSTs)

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The February 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 17 February.