

14 May 2026

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Andrew Beddard
Transpower New Zealand Ltd
PO Box 1021
Wellington 6140
NEW ZEALAND

Dear Andrew,

Re: Letter of Support for Transpower's Major Capital Project Application for a Switching Station at Orari, Canterbury

The purpose of this letter is to provide Fonterra's formal support for Transpower New Zealand Ltd's Major Capital Project Application for the construction of a new switching station at Orari, Canterbury. The intent of this letter is to highlight the strategic importance of reliable and expanded electricity infrastructure for Fonterra's operations, such as this project which will impact Fonterra's Clandeboye site. By supporting this application, Fonterra seeks to ensure ongoing security of energy supply and to facilitate its transition towards renewable energy sources.

Fonterra Introduction

Fonterra is the world's largest global milk processor and exporter of dairy products and is at the heart of the New Zealand dairy industry, and the dairy industry is at the heart of the New Zealand economy. We deliver high quality dairy ingredients to customers and consumers in over 140 countries around the world.

Fonterra is owned by approximately 9,500 farmer shareholders who supply Fonterra milk that is processed into a range of dairy products across 28 processing sites in New Zealand. Fonterra's processing sites are reliant on efficient, reliable, and secure energy supplies to process the large volumes of milk that are collected each year.

In New Zealand, Fonterra uses approximately 23 PJ of energy annually. Of this, approximately 1,100 GWh of electricity is currently used, which includes the electricity from co-generation facilities. This volume of electricity use is forecast to nearly double with the current investments in electrification at its Whareroa, Edgecumbe, and Edendale sites.

Energy is a significant cost input into the manufacturing process and maintaining a cost-effective energy supply is essential for Fonterra to compete in the global dairy market. Further to this cost imperative, Fonterra has a stated absolute scope 1 and 2 emissions reduction target of 50.4% by 2030 (from a FY18 baseline) and Fonterra is actively investigating lower emission energy fuel sources to help in achieving this target, while simultaneously achieving security of supply for its operations and meeting the coal cessation date for process heat by 1 January 2037.

The complexity and scale of Fonterra's operations mean we must take a national approach when developing our decarbonisation strategy and the phase out of fossil fuels.

Large-scale electricity use as Fonterra transitions from fossil fuels will have impacts on transmission and distribution businesses in New Zealand and Fonterra has held collaborative engagement sessions with Transpower New Zealand Ltd (TPNZ) and various distribution businesses to understand what these impacts may be. Fonterra's sites are located across New Zealand, resulting in Fonterra having relationships with 14 different electricity distribution businesses.

Overview of Fonterra's Clandeboye Site and its Energy Use

Established in 1904, Fonterra Clandeboye is one of Fonterra's largest consolidated dairy processing sites. Peak milk flow for Clandeboye is 13 million litres per day. The milk is used in 11 diverse plants including milk powder, mozzarella cheese, protein powders, and butter plants. Total dairy production capacity at Clandeboye is 575,000 tonnes of milk products per annum.

Peak steam usage at Clandeboye is approximately 165 tonnes per hour and total steam use is approximately 500,000 tonnes per year. Electricity use at Clandeboye peaks at 27 MW but more typically demand is around 20 MW, totalling 136 GWh per year. The milk flow at Clandeboye follows a typical New Zealand dairy milk profile and the energy use on site at Clandeboye generally follows a similar profile.

Milk is collected for the Clandeboye site by 70 Tankers that travel approximately 15 million kilometres per season collecting ~2.7 billion litres of milk.

Fonterra acknowledges that the electricity supply to its Clandeboye facility is limited, with the local substation at Temuka, owned by Transpower, acting as the primary exit point for electricity supply in the immediate area. The constraints lie primarily with the power transformers and 110KV power lines from Timaru to Temuka.

In collaboration with Alpine Energy and Transpower, Fonterra has conducted comprehensive investigations to identify the most suitable solution to overcome these electricity supply limitations. It has been determined that establishing a new connection from Orari, to supply Fonterra Clandeboye, is the preferred option.

Fonterra has significant plans to expand its electricity usage at Clandeboye, which aligns closely with the company's commitment to a comprehensive energy strategy.

Proposed Orari Switching Station

This letter serves as a formal expression of support from Fonterra for Transpower's major capital project application to construct a switching station at Orari, Canterbury.

The proposed project will support efforts to address the current electricity supply constraints faced by Fonterra's milk processing facility at Clandeboye, and has potential to support decarbonisation plans at other sites in Canterbury and the Upper South Island, which will answer some stakeholders concerns around future demand not occurring.

The timing of the proposed Orari switching station aligns with timing of new load growth to support this increased demand at Clandeboye and other South Island sites.

Consequently, the approval of the Orari switching station major capital project by the Commerce Commission is needed, as it would enable Fonterra and Transpower to establish a new grid exit point co-located at the designated site. By co-ordinating all potential work at the Orari switching station there will be opportunity to ensure efficient use of all resources and eliminate rework or duplication of effort.

The proposed Orari switching station development would support Fonterra's energy strategy to ensure a secure and reliable, economic, and sustainable long term energy supply for the Clandeboye site – and the Co-op supports Transpower moving ahead this decade with this key piece of infrastructure for New Zealand.

I trust this letter provides sufficient detail to explain Fonterra's interest in supporting Transpower's major capital project application for the Orari switching station. Please contact me should you require any further information.

Yours Sincerely,



Ben Parkes
Director, Global Engineering and Technology