



West Coast Electric Power Trust

Ownership Review



May 2026

Summary Report for
Public Inspection



Lynne Taylor

Executive Director

PwC

lynne.taylor@pwc.com

Andrew Wilshire

Partner

PwC

andrew.p.wilshire@pwc.com

Summary Report for Public Inspection

Peter Ewen
Chairman
West Coast Electric Power Trust
C/- ElectroNet
PO Box 375
Greymouth 7840

22 May 2026

West Coast Electric Power Trust - Ownership Review

Dear Peter,

We are pleased to present our report which has been prepared to assist the West Coast Electric Power Trust with the five yearly ownership review as required under the Trust Deed.

This report has been prepared in accordance with our letter of engagement dated 2 February 2026 and is to be read in conjunction with the terms and conditions set out within that document, and the restrictions set out in Appendix A of this report.

This summary report can be made available for public inspection in accordance with the requirements of the West Coast Electric Power Trust Deed.

PricewaterhouseCoopers New Zealand

PwC Tower, 15 Customs Street
West, Private Bag 92162,
Auckland 1142, New Zealand
+64 9 355 8000, www.pwc.co.nz



Introduction

Introduction and purpose

This report has been prepared for the West Coast Electric Power Trust (the Trust) to support the periodic review of the Trust's ownership of Westpower Limited (Westpower).

Consistent with Clause 4.1 of the Trust Deed, the review must include:

- an analysis of the performance of the Trust to the date of the report, together with a discussion of the advantages and disadvantages of Trust ownership
- an analysis of alternative ownership options, including without limitation, a share distribution to Consumers or Electors, a sale of shares in the Company to the public, a sale of shares in the Company to institutional investors and retention by the Trust
- a comparison of the performance by the Company with the performance of other similar energy companies covered by the Energy Companies Act 1992.

This report presents a summary of our findings comprising our:

- review of Westpower's performance over the last five years (the review period)
- review of Westpower's electricity distribution business (EDB) performance against comparable companies
- review of the Trust's performance over the review period
- analysis of ownership options available to the Trust and its beneficiaries, including the current trust ownership structure.

In conducting this review, PwC has relied on information supplied by Westpower, published information disclosure (ID) documents for EDBs, PwC databases and interviews with Trustees, the Chair of the Board of Directors and the Chief Executive of the Company.

Summary of findings

Group Overview

Westpower

Westpower is an electricity distribution business and the parent company of the ElectroNet Group Ltd (ElectroNet), Amethyst Hydro Limited (Amethyst Hydro) and Waitaha Hydro Limited (Waitaha Hydro).

Westpower owns and operates the electricity distribution network on the West Coast, transporting electricity from the national grid to consumers across its network area.

ElectroNet

ElectroNet comprises the Group's electrical contracting, engineering, consulting and technology businesses, supporting Westpower and external customers primarily across New Zealand. The ElectroNet Group delivers construction and maintenance of electrical transmission and services, engineering consulting and design, and technology solutions for the electricity sector. The Group also undertakes work in Australia and limited international markets.

Since the previous ownership review, the ElectroNet Group has undergone structural changes. ElectroNet Transmission Limited was amalgamated into ElectroNet Services Limited on 1 April 2023, consolidating contracting and transmission activities into a single legal entity. The Group has also expanded internationally, with the establishment of ElectroNet Consulting UK Limited in 2025.

Amethyst Hydro

Amethyst Hydro Limited owns the Amethyst Hydro Scheme, a 7.6 MW run-of-river hydro power station near Hari Hari. Westpower has recently moved from an 88% ownership interest to 100% ownership of Amethyst Hydro, following acquisition of the remaining shareholding.

Waitaha Hydro

Waitaha Hydro Limited is a wholly owned subsidiary of Westpower Limited, which is investigating the development of the Waitaha Hydro Scheme, a 23 MW run-of-river hydro-electric project on the Waitaha River, approximately 38 km south of Hokitika. The project recently received fast-track approvals, following a government announcement on 17 April 2026, subject to certain conditions.

Financial performance

Westpower Group's revenue has grown over the five-year review period, while operating earnings and net profit after tax have fluctuated, with a decline in FY23 followed by a recovery through to FY25. Growth in line charge revenue has contributed to increased overall revenue, alongside continued contributions from consulting and contracting activities. The proportion of total revenue provided by the network business has remained relatively steady over the review period, reflecting growth across both network and non-network activities.

The Company has continued to invest in its network, with transmission charges and network maintenance and operating expenses increasing over the period, alongside rising employee-related costs. Margins have varied, with EBITDA declining in FY23 before recovering to \$17.0m in FY25, and NPAT similarly rebounding to \$5.5m in FY25 following a net loss in FY23.

Summary of findings

Comparative Performance

Electricity distribution business

We have benchmarked Westpower's electricity network business performance against eight other EDBs, and the industry average using regulatory reporting information. We have observed that, over the five year review period, relative to the peer group and industry averages:

- Westpower's ROI has been lower than the average of the peer group and the industry average for the whole review period. This is due to lower unit prices (after line charge discounts are deducted) and higher maintenance expenditure.
- Westpower's distribution prices have increased over the review period, with a dip in 2023 followed by an increase through to 2025. Prices remain below the peer group average but have moved closer to the industry average over time.
- The lower prices recorded by Westpower reflect the low ROI and lower regulatory asset base (RAB) value, and the discounts which are passed through to customers.
- Network related opex has been considerably higher (per connection), but network capex has been considerably lower, which is reflected in a lower RAB.
- Network reliability has been consistently better than both the peer group average and the industry average over the review period.

Over the past five years, Westpower has been impacted by major global events, including the COVID-19 pandemic, which contributed to workforce disruptions and placed pressure on operating performance. It has also navigated evolving regulatory requirements and cost pressures. Westpower has recorded significant net revenue growth in FY25.

In FY25 Westpower was awarded the *Energy Distributor of the Year* award at the 2025 New Zealand Energy Excellence Awards.

Performance against SCI targets

Westpower's performance against SCI target metrics has been mixed over the review period.

Health and safety targets have not been met, but setting a target of nil lost time injuries is a strong signal of the expectations of shareholders for health and safety performance.

Profitability performance targets were missed in FY22, FY23 and FY24, but financial performance has since improved. Asset management performance largely met targets with the exception the capex ratio which was consistently below target for the review period. Network interruption duration performance also did not meet targets, but interruption frequency performance was more consistent with targets. Environmental and consent compliance, and generation performance were all consistent with expectations.

WCEPT Trust performance

WCEPT holds the shares in the Westpower Group. The Trust Deed ensures that Westpower's consumers (income beneficiaries) and local electors (capital beneficiaries) benefit from ownership of the Company. WCEPT's primary objective is to represent the consumer beneficiaries.

The Trust has a strong focus on the needs of the West Coast communities and the benefits that Westpower's activities can deliver to those communities. WCEPT's Trustees have a good understanding of Westpower's operations, and are active in agreeing the annual statement of intent with the Company. The Trust also appoints the Directors of the Company and monitors the performance of the Director group.

WCEPT's revenue is derived primarily from dividends received from Westpower. Over the review period, revenues and costs were broadly aligned. The Trust's asset base remains limited, consisting almost entirely of its investment in Westpower, with only a minimal cash balance held. WCEPT has no debt, and its liabilities are limited to short-term accounts payable.

No direct distributions were made to beneficiaries during the review period. Instead, benefits were delivered through line charge discounts provided by Westpower. These discounts have been consistently applied, with annual payments ranging from \$3m to \$5m. A further \$3m discount was applied in December 2025, bringing total distributions to consumers to approximately \$43m since 2010, reflecting Westpower's strong financial performance.

Summary of findings

Outlook for the Company

The electricity sector continues to face increasing pressure to be more resilient in the face of unpredictable extreme weather events and to deliver affordable outcomes for customers. The sector is also supporting New Zealand's transition to a low-emissions economy. Growing electrification of transport and industrial processes, alongside increasing reliance on renewable generation, is driving ongoing change across distribution networks.

For Westpower, maintaining a secure and resilient electricity supply across the West Coast remains a key priority, particularly given the region's exposure to severe weather events and its reliance on long transmission infrastructure. At the same time, increasing regulatory requirements and greater integration of distributed energy resources are creating both challenges and opportunities for the business.

Distribution networks are becoming more dynamic, with increasing adoption of technologies such as solar photovoltaics, battery storage, electric vehicles and smart energy systems resulting in more complex two-way electricity flows in some cases.

Westpower is well positioned to continue to play an important role in enabling regional energy resilience, supporting local renewable generation, and delivering long-term benefits to the community. It will continue to balance investment in network reliability, resilience and future capability with the need to maintain affordable electricity services for consumers across the region.

Strategic direction

Since the previous ownership review, the Westpower Group, through ElectroNet, has continued to diversify and grow beyond its core distribution business, expanding contracting and consulting activities across New Zealand and internationally. This growth is increasingly aligned with opportunities arising from electrification and the energy transition.

These developments are reflected in the Group's strategic priorities to:

- Sustain the core electricity distribution business; and
- Grow the wider business, including contracting, consulting, and new energy opportunities.

Ownership options

Ownership options available to the Trust range from continued 100% consumer trust ownership through to full distribution of shares. We consider the advantages and disadvantages to beneficiaries of consumer trust ownership of Westpower's shares, relative to the distribution or sale of these shares

Short name	Option	Description
Consumer trust ownership	100% trust ownership of shares (status quo)	Trust ownership is common practice with over 70% of EDBs in New Zealand operating under it to some degree We also consider variants to the current consumer trust option
Partial sale of distribution	Distribution to beneficiaries or sale to the public or external investors of 24.9% or 49.9% of shares	Distribution or sale of 24.9% allows the Trust to retain control over Westpower's constitution Distribution or sale of 49.9% allows the Trust to retain control
Full distribution	Distribution of 100% of shares to beneficiaries	Where a 100% share distribution occurs, shares are typically on-sold by beneficiaries within a short period, making it possible for an interested party to gain majority control
Full sale	Sale of 100% of shares to the public or external investors	A sale of 100% of shares would enable the Trust to test the market for interest in the Company and pass the proceeds to beneficiaries

Summary of findings

Summary of ownership option analysis

We have considered a range of ownership structures against two strategic priorities: sustaining the core network business; and enabling growth.

Trust ownership

The current 100% consumer trust model is strongly aligned with consumer interests.

It supports a long-term perspective that balances financial outcomes with broader objectives such as reliability, resilience, and community benefit.

It is relatively simple, cost-effective, and provides regulatory flexibility, including exemption from price-quality regulation.

However, it may constrain access to capital, limit scale efficiencies, and create tension between maintaining low prices and funding ongoing investment. It is also a barrier to sector consolidation.

From a growth perspective, the consumer trust model has supported diversification and innovation, including successful expansion through investments such as ElectroNet.

It allows flexibility to pursue partnerships and joint ventures, but growth may be limited by risk appetite, funding constraints, and expectations for ongoing distributions to beneficiaries.

The inability to raise external capital and the need to balance dividends with reinvestment may restrict the pace and scale of future expansion.

Alternative ownership models

Alternative ownership models introduce trade-offs.

Community trust ownership enables broader social investment but weakens alignment with electricity consumers and increases complexity.

Partial distribution of shares maintains some alignment but introduces intergenerational equity concerns, removes regulatory exemptions, and does not provide new capital.

A partial sale to external investors could improve access to capital, capability, and operational efficiency, but may shift focus toward financial returns and short-term performance, particularly where minority stakes are discounted.

Full divestment options—either through distribution to beneficiaries or sale to external investors—offer immediate value realisation and potential efficiency gains under commercial ownership.

However, they result in loss of consumer control, introduce regulatory oversight, and risk prioritising financial returns over community and service outcomes.

These options also raise equity concerns between current and future beneficiaries, and fundamentally change the balance between local interests and commercial imperatives.

Summary of findings

Status quo – Trust ownership

Operating under 100% trust ownership, Westpower has continued to expand beyond its core distribution business over the past five years, primarily through the growth of its contracting and consulting activities via ElectroNet. This has supported diversification of revenue streams and positioned the Group to participate in opportunities associated with electrification, renewable energy, and infrastructure development.

The current ownership model remains broadly aligned with the interests of both current and future consumer beneficiaries. It provides a relatively low-cost structure and maintains a strong focus on local outcomes, ensuring that the Company's performance and strategic direction reflect the needs of the West Coast community.

Trust ownership also provides flexibility to respond to evolving industry conditions, including increasing investment requirements and changing customer needs. The alignment between beneficiaries and electricity consumers supports a balanced approach to decision-making, encompassing both financial performance and non-financial outcomes such as safety, reliability, and long-term stewardship of network assets.

Conclusion

Operating under the trust model, Westpower has delivered mixed financial performance over the review period, while maintaining operational and community outcomes. This has included:

- maintaining distribution prices below peer group and industry averages, while continuing to provide line charge discounts to consumers
- reductions in profitability during the middle of the review period with recovery in FY25
- distributing \$18.9m of line charge discounts to consumer beneficiaries over the review period
- maintaining network reliability which was consistently better than both the peer group average and the industry average over the review period
- supporting the energy transition with delivery of new energy solutions and renewable energy projects.

The Company can be expected to continue to perform if the Trust:

- continues to attract high calibre trustee candidates
- maintains clear expectations for the Company which promote a strong network and balance financial and non-financial considerations
- actively monitors performance against SCI objectives agreed with the Company
- encourages investment and initiatives which give the Company access to technical and operational expertise, scale economies and capabilities while delivering financial growth
- affords the Company flexibility in pursuing new opportunities in response to industry evolution, potential market structure reforms and changing consumer needs
- continues to promote a culture of innovation and operational excellence
- advocates for the interests of current and future beneficiaries.

Appendix A - Restrictions

This report has been prepared to assist the West Coast Electric Power Trust's requirements to carry out a periodic review of the Trust's ownership of Westpower Limited. This report has been prepared solely for this purpose and should not be relied upon for any other purpose. We accept no liability to any party should it used for any purpose other than that for which it was prepared.

This report can be made available for public inspection in accordance with the requirements of the West Coast Electric Power Trust Deed. Apart from this noted exception, our report is not intended for general circulation, distribution or publication nor is it to be reproduced or used for any purpose without our written permission in each specific instance.

To the fullest extent permitted by law, PwC accepts no duty of care to any third party in connection with the provision of this report and/or any related information or explanation (together, the "Information"). Accordingly, regardless of the form of action, whether in contract, tort (including without limitation, negligence) or otherwise, and to the extent permitted by applicable law, PwC accepts no liability of any kind to any third party and disclaims all responsibility for the consequences of any third party acting or refraining to act in reliance on the Information.

We have not independently verified the accuracy of information provided to us, and have not conducted any form of audit in this respect. Accordingly, we express no opinion on the reliability, accuracy, or completeness of the information provided to us and upon which we have relied.

The statements and opinions expressed herein have been made in good faith, and on the basis that all information relied upon is true and accurate in all material respects, and not misleading by reason of omission or otherwise.

The statements and opinions expressed in this report are based on information available as at the date of the report. We reserve the right, but will be under no obligation, to review or amend our report, if any additional information, which was in existence on the date of this report, was not brought to our attention, or subsequently comes to light.

This report is issued pursuant to the terms and conditions set out in our engagement letter dated 2 February 2026.