

## Climate-related risks and opportunities – methods and assumptions

These methods and assumptions underpin our FY26 climate-related disclosures.

As the practice of disclosing climate-related information continues to evolve, we may adopt new methodologies in future reporting periods. Forward-looking statements are based on assumptions about the future operating environment and events, which may or may not be realised. All costs and projections are estimates only and are not independently verified. Data quality, modelling techniques, and underlying assumptions may change materially over time.

Where appropriate, these assumptions align with our Gas and Electricity Asset Management Plans, which provide supporting context for these disclosures.

### Transitional risk – uptake in gas renewables

The following methods and assumptions support our current financial impact disclosures.

- Revenue reductions from declining gas connections reflect the net change in billable customers, including both reduced new connections and increased disconnections, based on regulatory year data.
- Revenue impacts from declining gas volumes are derived from a 10-year trend analysis of gas consumption across the existing customer base.
- Revenue is calculated using forecast data and published average revenue values.
- Gas volumes are included to reflect underlying changes in consumption across the existing customer base.

The following methods and assumptions support our support assessment of assets vulnerable to transitional risks and under the Global Alignment scenario.

- Assets are considered vulnerable where they may be subject to asset impairment, stranding, or impacts on asset value.
- Thirty-five gas gate networks were assessed based on customer composition, gas volumes and financial performance.
- Networks were grouped into categories – healthy, vulnerable, industrial vulnerable and high-risk.
- The assessment has been updated to reflect a financial year basis.

Definitions on network gates are included in pages 17-19 of the [2025 Gas Asset Management Plan](#).

### Physical risks – sea level rise, managed retreat and severe weather events

The following methods and assumptions support current financial impact disclosures.

- Impacts are identified using storm-related fault jobs and work orders captured within defined event timeframes.
- For the electricity network, operational events associated with major event days are included to better reflect event duration, scale, and associated job volumes.
- Financial impacts reflect direct repair costs associated with fault response activities.

The following methods and assumptions support our assessment of assets vulnerable to physical climate risks, as documented in Powerco's [Climate Adaptation & Resilience Plan](#).

- Assets are considered vulnerable where they represent key points of supply and are exposed to one or more material climate drivers.
- Exposure is identified using geospatial analysis of asset locations relative to climate drivers hazard data.
- Vulnerability is assessed based on asset characteristics, including design, condition and criticality.

Climate drivers assessed:

- Inland flooding (1% annual exceedance probability) and sea level rise, assessed under SSP 1-1.9, SSP 2-4.5 and SSP 5-8.5 scenarios.
- Coastal erosion using a 150-metre buffer from the mean high-water springs (MHWS) tide level to define coastal exposure.
- Active slips, erosion, and slip-prone soils, classified by severity using a 5m buffer, drawing on data from the New Zealand Land Resource Inventory and GNS Science.

While these climate drivers differ in nature (acute and chronic) and time horizon, they are considered collectively within the physical risk assessment to reflect their combined potential impact on assets, resilience investment, and long-term network planning

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### Transitional opportunity – growth of electricity distribution and services

The assessment of electricity demand drivers draws on a combination of internal operational and planning information, and publicly available data.

- Internal data sources include electricity connection inquiries and the large-scale connections pipeline, Asset Management Plan disclosures, and operational dashboards tracking trends such as residential solar photovoltaic (PV) uptake and electric vehicle (EV) adoption.
- Publicly available data sources include connection inquiry data, industry EV uptake statistics, and distributed generation pipeline information.

Directional indicators (accelerating, steady or slow) reflect changes relative to the prior reporting period and support ongoing monitoring of electricity demand drivers over time.

Electricity demand forecasts are informed by climate scenarios and the following key assumptions:

- Increased electrification demand is partially offset by distributed energy resources (DER), moderating peak demand growth.
- EV uptake is moderated to align with industry projections.
- Process heat assumptions are informed by Energy Efficiency and Conservation Authority (EECA) Regional Energy Transition Accelerator (RETA) studies.
- Demand forecasts are aligned with gas scenarios and associated transition pathways.
- A steady organic growth assumption is applied.
- Overall demand growth potential remains similar, with forecasts more aligned to external sources, including MBIE's Electricity Demand and Generation Scenarios.

Further detail is available in [Powerco's Electricity Asset Management Plan](#) and supporting disclosures.