

## Agreed Settlement Terms

This document sets out the basis on which CEL and AWFL have agreed to progress certain matters as between them, as set out in the below table.

If this document is signed by both parties by 5pm on 31 October 2023, each of CEL and AWFL:

- acknowledge and agree that the “Agreed settlement terms” accurately represents their position in respect of the relevant issues;
- agree that the “Agreed settlement terms” will be legally binding on them; and
- agree to give effect to each of the “Agreed settlement terms”.

Item	Proposed settlement terms
0	<p data-bbox="459 719 1066 751"><b>Alternative means of providing voltage regulation</b></p> <ol data-bbox="506 759 2004 1291" style="list-style-type: none"><li data-bbox="506 759 2004 823">1. Alongside the work under item 1 below, the parties agree that they will cooperate to investigate and undertake testing and modelling of alternative means of providing adequate voltage regulation.</li><li data-bbox="506 831 2004 1291">2. The parties will cooperate in three phases:<ol data-bbox="595 863 2004 1291" style="list-style-type: none"><li data-bbox="595 863 2004 999">a. Testing the operation of the two existing wind turbines using any capabilities built into the turbines that automatically regulate the voltage at the wind turbine terminals. The CEL recloser will remain set at 1.06 pu over-voltage with a 10 second delay. Voltage regulation mode to regulate the windfarm voltage utilising the wind turbines’ reactive power range of 0.95 leading to 0.95 lagging.</li><li data-bbox="595 1007 2004 1142">b. Should para 2(a) above prove to provide inadequate or insufficient voltage regulation, through ongoing monitoring and testing, the parties may agree to install one or more American Semiconductor 1.0 MVar DVAR VVO units (the DVAR units) at or near the wind turbine terminals and integrate the unit’s reactive power capabilities into the operation of the wind farm with cost arrangements to be agreed under item 2 (STATCOM cost sharing) below.</li><li data-bbox="595 1150 2004 1291">c. The parties will cooperate to undertake power system modelling studies that seek to mirror and optimise the operation of the combined control modes of the wind turbines and, if installed, the DVAR units. AWFL will provide CEL with a detailed scope for the modelling work. The parties will bear their own costs associated with the modelling work.</li></ol></li></ol>

	<p>3. If the Parties are unable to agree under para 2(c) above within a reasonable period of time, either party will be entitled to refer the matter to private mediation. The Electricity Authority will not be involved in any private mediation.</p>
1	<p><b>STATCOM design, commissioning and ongoing operations</b></p> <ol style="list-style-type: none"> <li>1. CEL has, at its cost and with AWFL's agreement, engaged Aurecon to fully develop and cost the STATCOM solution to the voltage problem at the connection point of AWFL's distributed generation.</li> <li>2. AWFL has provided, and will continue to provide, reasonable assistance to CEL and Aurecon to complete the design report as soon as reasonably possible, including by AWFL providing relevant wind farm data and reasonable access to the wind farm site and turbines, as necessary.</li> <li>3. CEL will consult AWFL regarding the STATCOM operational settings (specifically the voltage settings) before and, when necessary, after commissioning the STATCOM.</li> <li>4. When commissioned, the STATCOM will have a capacity of 4 MVAR, and be owned, operated, and maintained by CEL.</li> <li>5. Site selection has identified the silage pit as the location for the STATCOM.</li> <li>6. The STATCOM will comply with all relevant local council consenting and planning requirements, including that noise emitted from the device at all times is not to exceed 45 dB at the farm boundary.</li> <li>7. CEL is to expedite availability of a draft STATCOM design report and share this draft report with AWFL.</li> <li>8. AWFL will provide feedback to CEL on the content of the STATCOM design report as soon as reasonably practicable.</li> <li>9. While CEL will consider AWFL's feedback on matters related to the STATCOM design, the parties acknowledge that CEL is an electricity distributor subject to the provisions of the Electricity Industry Participation Code 2010 (the Code), the Electricity (Safety) Regulations 2010 and other relevant legislation, and will make its final design decisions based on its various statutory requirements.</li> <li>10. If the measures under Item 0 above address the wind farm export constraints sufficiently, the STATCOM project does not need to proceed. The work on the STATCOM project, however, should not be delayed while work under Item 1 proceeds.</li> </ol>
2	<p><b>STATCOM Costs</b></p> <ol style="list-style-type: none"> <li>1. Once the STATCOM solution is fully developed and costed, or if paragraph 2(b) of Item 0 above applies, the parties will negotiate in good faith to agree on who will meet the costs of the STATCOM or the DVAR units, which include the sharing of the costs between the parties.</li> <li>2. Any cost sharing will be based on the actual and reasonable costs incurred in carrying out the STATCOM project or the DVAR units. For the avoidance of doubt, the total costs of the STATCOM project will not include the Aurecon design report but will include normal project cost categories for a small STATCOM installation of 4 MVAR capacity at 11 kV, as detailed in budget terms in the Aurecon report (once that report is finalised).</li> </ol>

	<p>3. The cost sharing agreement will take into account AWFL's contribution of any of its land, at reasonable market rates.</p> <p>4. If, acting reasonably, the parties are unable to agree on the matters in this item 2 within 20 business days, either party will be entitled to refer the matter to private mediation. The Electricity Authority will not be involved in any private mediation.</p>
3	<p><b>Connection agreement</b></p> <ol style="list-style-type: none"> <li>1. The parties will review and amend the AWFL connection agreement of 30 April 2019 to ensure the technical requirements in it are feasible, both before and after the STATCOM is commissioned. This will include consideration of the wind turbines' reactive power operating mode.</li> <li>2. The new connection agreement will explicitly record the status of the regulated terms provided in Schedule 6.1 of the Code.</li> <li>3. The new connection agreement will explicitly provide terms covering dispute resolution, should a dispute related to the matters covered by the connection agreement arise between the parties in future.</li> <li>4. The new connection agreement will explicitly record the cost sharing terms agreed in item 2 above.</li> <li>5. CEL will promptly draft the new connection agreement, provide AWFL with a copy of the draft and the parties will negotiate the terms of the agreement in good faith.</li> <li>6. If, acting reasonably, the parties are unable to agree a new connection agreement within 30 business days, either party will be entitled to refer the matter to private mediation. The Electricity Authority will not be involved in any private mediation.</li> </ol>
4	<p><b>Settlement of AWFL complaint</b></p> <p>All claims by AWFL against CEL arising from wind farm export constraints will be fully and finally settled up to the date of the settlement agreement, including the Code breach allegation. All claims by AWFL against CEL for loss of profit, loss of opportunity or consequential loss arising from wind farm export constraints will be fully and finally settled up to the date the STATCOM is commissioned and shows reasonable endeavours to provide up to a 5MW connection.</p>
5	<p><b>Settlement agreement</b></p> <ol style="list-style-type: none"> <li>1. The settlement agreement will record that: <ol style="list-style-type: none"> <li>a. CEL does not admit any Code breach relating to the wind farm or its export constraints.</li> <li>b. CEL is not obliged to progress or contribute financially to any solution to the voltage problem other than the STATCOM.</li> <li>c. While it will act in accordance with good electricity industry practice to ensure the ongoing trouble-free operation of the STATCOM, CEL does not guarantee that the STATCOM will result in unconstrained export from the wind farm at all times, as this can be affected by activity elsewhere on the network.</li> </ol> </li> </ol>

	d. The parties will act in good faith in all future dealings with each other regarding the operation of the STATCOM and AWFL's wind farm.
6	<b>Provision of network modelling information</b> <ol style="list-style-type: none"><li>1. CEL has provided network modelling information requested by AWFL.</li><li>2. The modelling information is provided to AWFL for the express purpose of independently verifying CEL's network modelling.</li><li>3. AWFL may, at its cost, engage an expert power systems modeller to verify the STATCOM capacity calculations.</li><li>4. The parties agree that all network modelling information exchanged between themselves, will be covered by the relevant terms of the existing (30 April 2019) connection agreement.</li><li>5. CEL will reasonably cooperate directly with AWFL's designated power systems modeller to initialise the model .</li><li>6.</li></ol>

**Signatures**

<p>Signed on behalf of Awhitu Windfarms Limited by:</p> <p><u>J. STURGEY</u> Signature</p> <p><u>COO</u> Name/Position</p> <p><u>31/10/23</u> Date</p>	<p>Signed on behalf of Counties Energy Limited by:</p> <p><u>[Handwritten Signature]</u> Signature</p> <p><u>CE</u> Name/Position</p> <p><u>30/10/23</u> Date</p>
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