



meridian

New Zealand Aluminium Smelter's electricity contract

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Meridian was approached by Pacific Aluminium, a business unit of global mining giant Rio Tinto Ltd, the majority shareholder of New Zealand Aluminium Smelters Ltd (NZAS), in July 2012, to discuss potential changes to its existing electricity contract.

Since talks began, various options have been discussed and Meridian has offered a number of changes and concessions to the existing contract.

Chief Executive of Meridian Energy, Mark Binns, says that Meridian has advised Pacific Aluminium of its 'bottom line' position.

"Despite significant effort by both parties there remains a major gap between us on a number of issues, such that we believe that it is unlikely a new agreement can be reached with Pacific Aluminium," says Mr Binns.

In the event no agreement can be reached, Meridian will seek to engage with Rio Tinto and Sumitomo Chemical Company Ltd, the shareholders of NZAS, who will ultimately decide on the future of the smelter.

Meridian signed a new contract with NZAS in 2007, after three years of negotiations. This current contract commenced on 1 January 2013 and remains unaltered and binding on the parties.

In October 2011, Rio Tinto announced it would restructure its worldwide aluminium business and said interests in six of its Australian and New Zealand assets (including the smelter at Tiwai Point) would be transferred into a new business unit called Pacific Aluminium, and sold.

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For more information contact:

Claire Shaw
Corporate Communications Manager
Meridian Energy
021 370677
claire.shaw@meridianenergy.co.nz
meridian.co.nz

About Meridian Energy

Meridian Energy is an integrated renewable energy company; the largest generator in New Zealand, with a strong pipeline of development options in Australasia; and an electricity retailer throughout New Zealand.

Meridian and its online subsidiary Powershop retail electricity to approximately 285,000 connections – homes, farms and businesses throughout New Zealand.

The Meridian Energy Group includes a parent company Meridian Energy, subsidiary businesses in Australia and the USA and other innovative New Zealand investments that complement our core activities as an electricity generator and retailer.

Meridian generates electricity from renewable sources – wind and water in New Zealand; wind in Australia; and solar in the USA. The company supplies 30 per cent of New Zealand's total electricity needs, including to the country's largest consumer, the New Zealand Aluminum Smelter. Meridian owns and operates seven hydro stations, six within the Waitaki Hydro Scheme, and four wind farms throughout New Zealand.

Meridian's commitment to renewable energy, environmental stewardship and support for the communities living alongside its assets makes it authentically sustainable. Meridian continually looks for ways to provide positive energy solutions to customers to help them reduce their energy use.