



meridian

Meridian reaches commercial agreement with New Zealand Aluminium Smelter owners

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Meridian Energy and New Zealand Aluminium Smelters Ltd (NZAS) have concluded the renegotiation of their electricity contract.

“After a year of robust negotiations we have reached an agreement that is commercially acceptable to both parties and provides a greater level of certainty for Meridian,” says Meridian Chief Executive Mark Binns.

In the renegotiated contract Meridian agreed a new price, which will see a reduction in the current electricity charge from July 1 2013 and allows for price increases should the New Zealand dollar value of aluminium rise above agreed levels. The contract period remains to 2030.

“The new agreement is inflation indexed and includes guarantees from or on behalf of the NZAS parent companies Rio Tinto and Sumitomo Chemical Company, Ltd. These guarantees demonstrate a commitment to the Tiwai Point smelter to January 2017,” adds Mr Binns.

Mr Binns says the deal provides the smelter with more flexibility in its operations, whereby it can reduce its contracted volume from 572 MW to 400 MW from 2015. In addition, NZAS can terminate the deal from January 2017, providing notice is given at least 15 months prior.

“Meridian is delighted that the parties could find a mutually acceptable position – and trusts that the new pricing framework and associated arrangements assist NZAS in establishing a competitive cost position for the future,” says Mr Binns.

It is back to business as usual now and we look forward to continuing to work with NZAS,” adds Mr Binns.

The Government has made a contribution of NZ \$30 million to secure the medium-term future of the smelter and provide greater certainty for the electricity market. A statement will be released via the Finance Minister’s office.

Meridian was approached by NZAS and its shareholders in July 2012 to discuss potential changes to its existing electricity contract. This concludes the renegotiations.

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Meridian Energy

- is an integrated renewable energy company; the largest electricity generator in New Zealand and an electricity retailer throughout New Zealand
- owns and operates seven hydro stations and four wind farms in New Zealand, with another wind farm currently under construction
- generates approximately 30% of New Zealand's electricity from renewable energy, making it this country's largest generator
- owns and operates one wind farm in Australia and has a further wind farm under construction
- retails electricity to over 270,000 retail customers through the Meridian and Powershop brands (220,211 Meridian customers and 50,423 Powershop customers). This includes 142,311 customers in the North Island (10% market share) and 128,323 customers in the South Island (25% market share)*
- employs approximately 800 permanent and fixed term staff
- has offices in Wellington, Christchurch, Twizel, Auckland, San Francisco and Melbourne
- is committed to renewable energy, environmental stewardship and supporting the communities living alongside its assets.

*Source: Electricity Authority 31 March, 2012