

Release

Stock Exchange Listings NZX (MEL) ASX (MEZ)

Meridian and NZAS Sign Long Term Contracts

31 May 2024

Meridian Energy and New Zealand’s Aluminium Smelter (NZAS)¹ have signed a package of conditional 20-year contracts for part of the NZAS Tiwai Point aluminium smelter’s electricity needs. The package includes a long-term fixed price contract for wholesale electricity price cover and a significant demand response agreement.

Meridian Energy Chief Executive Neal Barclay says the agreement is an excellent result after many years of hard work.

“This is a fantastic outcome for New Zealand and the Southland region. It’s further proof that large industrial businesses can utilise New Zealand’s renewable energy advantage and create low carbon sustainable products, high value jobs and export dollars for our country.”

“We are very pleased that the NZAS team have adopted a more flexible approach toward their operations. The demand response element of this new agreement is groundbreaking, not only for this country but globally. The level of flexible demand offered by NZAS will support the electricity system to become even more renewable, while relying less on coal and gas when the hydro lakes are low.”

Mr Barclay says the contracts are also a good result for Meridian.

“This new package of contracts is commercially sustainable and delivers value for our shareholders, so we are talking a real win-win here. The NZAS decision to extend the smelter life removes significant uncertainty for the electricity sector, which also helps pave the way for new renewable energy to be built.”

Meridian will now consider implications on future pipeline investment and dividend policy. An update on the dividend policy can be expected at Meridian’s full year results briefing in late August.

Key terms of the long-term contracts include:

- 377 MW base load volume from 2025
- pricing that begins 1 July 2024 with a 20-year term, up to and including 31 December 2044
- four demand response options, ranging from 25 MW to 185 MW – an upper limit that roughly equates to one of Huntly’s Rankine units. Three quarters of a called option will come off Meridian’s contracted volume

¹ NZAS is a joint venture between Rio Tinto (79.36%) and Sumitomo Chemical Company Limited (20.64%)

A maximum of approximately 800 GWh of demand response is available in any given year, with an average of approximately 400 GWh per annum over the 20-year term of the contract. This will be valuable during periods of low lake inflows, providing critical dry year cover to the electricity system.

The new arrangements will replace all the current arrangements between Meridian and NZAS, with the current arrangements terminating when the new arrangements take effect.

The contracts are conditional on satisfaction of conditions precedent, which include regulatory approval from the Electricity Authority. If approval is given, the contracts will take effect from the later of 1 July 2024 and the date Meridian confirms to NZAS that all conditions precedent are satisfied or waived. If conditions precedent are not all satisfied or waived before 31 December 2024, the contracts will not come into effect.

NZAS has provided Meridian with a letter setting out their commitment to environmental remediation of the smelter site, including details of their work to date with key stakeholders. A copy of the environmental remediation letter accompanies this release.

A copy of the long-term electricity contract, the demand response agreement and the other related conditional contracts signed by Meridian and NZAS are available [here](#). A summary of the key terms of the long-term electricity contract and the demand response agreement accompanies this release.

ENDS

Neal Barclay
Chief Executive
Meridian Energy Limited

Investor & Media Briefing

Neal Barclay and Meridian CFO Mike Roan will host an investor and media call via Microsoft Teams at 11am NZST (9am AEST) today. This will include an opportunity to ask questions. Click [here](#) to register for this call. Pre-registration is required to attend.

Please note:

- For the Q&A, guests will be required to raise their (virtual) hand if they wish to ask a question. This will place you in the queue. When invited to ask your question, you will need to unmute your microphone. There will be no chat available for written questions.
- When you join the meeting, your name will appear to all meeting participants.
- The call will be recorded and a replay posted to the [investor presentations](#) page of the Meridian website. Meridian's [Privacy Policy](#) applies.

Media Interviews

Mr Barclay also has limited availability for media interviews from 9.45am to 10.30am NZST. See media contact below.

Background

- On 23 October 2019, Meridian was advised by the New Zealand Aluminium Smelters Limited's (NZAS) major shareholder Rio Tinto, that it intended to initiate a strategic review of the Tiwai Point Aluminium Smelter.
- On 9 July 2020, Rio Tinto gave notice it was terminating the contract with Meridian relating to the Tiwai Point Aluminium Smelter, with effect on and from 31 August 2021.
- On 14 January 2021, Rio Tinto accepted new short term 'staged exit' contract terms offered by Meridian, effective from that date through to 31 December 2024.
- On 28 July 2022, Meridian noted NZAS's statement that they had begun exploring potential pathways for the smelter to remain operational after December 2024 and announced that it would engage in contract negotiations with NZAS as part of the process.

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