

Smelter looks to reduce consumption to manage operations during COVID-19 lockdown

31 March 2020

Meridian Energy confirmed today that Tiwai Point smelter in Southland is looking to exercise its right to reduce consumption for up to six months under its 50MW Potline 4 contract.

Meridian's Chief Executive Neal Barclay said the smelter is looking at ways to manage operations as part of their COVID-19 plan and discussions around reducing consumption are ongoing.

"Reducing consumption on the fourth potline provides the smelter with more flexibility to manage the safety of its on-site staff as it manages operations through the COVID outbreak," says Barclay. "NZAS has advised us this possible reduction is not related to the wider Strategic Review currently being conducted by the smelter's owner Rio Tinto," adds Barclay.

Meridian brokered a separate contract with the smelter in May 2018 that provides a price for an additional 50 MWh per hour (438 gigawatt hours per year) at Tiwai Point in Southland. The contract, underwritten by Meridian and supported by contracts with Contact, Genesis and Mercury, runs until December 2022. The contract enabled the Tiwai Point smelter to recommission its fourth potline in December 2018 after a six-year shutdown, expanding the use of renewable energy and increasing production.

Meridian's main electricity agreement with NZAS that provides price certainty for up to 572 MWh per hour (5,011 gigawatt hours per year) of electricity to 2030.

In October 2019 the smelter's owner Rio Tinto, initiated a Strategic Review of its New Zealand operations. The review is currently considering all options for the future of the smelter, including closure. Rio Tinto had advised Meridian that it will provide the market with an update on its review by the end of the first quarter in 2020.

ENDS

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