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Media release

Labour's proposed smelter extension is good news for Southland, New Zealand and Tauhara project

Contact Energy ("Contact") CEO Mike Fuge welcomed the Labour Party's announcement that if elected, it will seek to extend the life of the Tiwai point smelter by three to five years while an economic transition for Southland is developed.

"We're very pleased with this news as it demonstrates broad-based political support for an orderly transition to a post-Tiwai world. We think this is great news for Southland, New Zealand, global carbon emissions, Rio Tinto's global environmental commitments and Contact's shareholders," Mr Fuge said.

"There remains a strong desire to help secure the financial sustainability of the unique low-carbon smelter at Tiwai, and retain the more than 2,500 jobs in the region over the medium term."

Mr Fuge confirmed work on Contact's 'shovel-ready' Tauhara geothermal power station was ready to restart.

"We paused the Tauhara project in July with a view to considering an investment decision if market conditions changed. Today's announcement means we can restart our work to ready the project for a potential investment.

"We know the Tauhara geothermal field is world-class and it is the most attractive new renewable project in New Zealand, with the advantage of providing baseload generation too. We believe it can lay the groundwork to support New Zealand's increased renewable electricity needs over the next decade."

He said any potential decision to invest in Tauhara would consider appropriate capital management, including Contact's dividend policy which was currently under review.

Mr Fuge said the announcement of a rapid NZAS exit was an unwelcome surprise for many stakeholders, but it had also provided the catalyst for a multitude of new industries to think about setting up businesses in New Zealand, and seen existing industries re-examine electrification opportunities.

"We won't be sitting back – the news of the increased likelihood of an orderly transition period does not diminish our enthusiasm for helping decarbonise New Zealand's economy. We now have time to work with existing and new customers to build a smooth path to a lower carbon future.



“Electricity is part of the solution and we see Contact playing a significant role in helping new industry onto the grid and converting existing industry away from reliance on coal.”

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