



17 December 2020

Z Energy serves dispute notice on Refining New Zealand

Z Energy (NZX: ZEL) 'Z' earlier today issued a dispute notice on the New Zealand Refining Company (NZX: NZR) under the terms of the processing agreement that Z has with the Refining company.

Mike Bennetts, Chief Executive for Z commented, "Z disagrees with the 2021 linear programme that Refining NZ provided to the industry. The proposition does not allow the Refinery's customers to access the full capacity of the refinery and makes no financial adjustment for this reduced capacity. Z has notified the Refinery that we will pay the contracted processing fee only and we will not make any additional top-up or fee floor payments while full capacity is not made available to Z. Additionally, Z will claim for costs incurred while the Refinery is in breach of the processing agreement.

Z has aimed to resolve this disagreement through continued dialogue. However, discussions have proved unsuccessful despite attempts by Z to agree an acceptable 2021 linear programme. Z is seeking an accelerated dispute resolution process, as prescribed in the Processing Agreement, to resolve the dispute more quickly," said Mike.

"Z's position has been consistent throughout the Refinery's strategic review - that in the long-term refining in New Zealand is sub-scale and uneconomic and the complexity of the NZ supply chain adds unnecessary cost to New Zealand consumers. That's why we are open to the Refinery's transition to an import terminal if we can agree commercially appropriate terms with RNZ" he added.

Ends.