

Release

Stock Exchange Listings NZX (MEL) ASX (MEZ)

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Meridian and NZAS enter into conditional demand response agreement for 2023 and 2024

Meridian Energy Limited (Meridian) and New Zealand Aluminium Smelters Limited (NZAS) have entered into a conditional agreement for NZAS to reduce its consumption of electricity at the Tiwai Point smelter by up to 50MW and provide demand response flexibility during 2023 and 2024.

The agreement is conditional on receiving approval from the Electricity Authority under the ‘materially large contract’ provisions recently introduced to the Code. Meridian will make an application to the Authority for approval today. Under the Code the Authority has 45 business days to make a decision on the application.

If approved by the Authority, the demand response agreement would give Meridian the ability to require NZAS to reduce consumption by up to 50MW. This is likely to be valuable at times of hydro shortage or when the electricity system is otherwise under stress, for example over winter peak periods or when generation or transmission is on outage or not available.

Meridian Energy Chief Executive Neal Barclay welcomes the agreement.

“New Zealand needs to build more flexibility into its electricity market and we believe demand response has an important role to play. We appreciate the work of the team at NZAS in making this option available over the next two years.”

There are a number of separate tranches of demand response flexibility that Meridian can call (ranging from 15MW to 50MW), with each tranche having different ramp-down and ramp-up requirements. Meridian would pay NZAS a fixed price for each MW reduced by NZAS under the demand response agreement.

Meridian and NZAS have also agreed to amend the smelter demand response provisions in the current electricity agreement. Any MW of demand response provided by NZAS under the demand response agreement will be deducted from the 250GWh reduction that NZAS would otherwise have been required to provide in the event Meridian called a smelter demand response. In addition Meridian and NZAS have agreed to delete from the current electricity agreement the ability for Meridian to terminate that agreement in the event that NZAS’s consumption of electricity falls below 540MW for 3 months or more.

The demand response agreement terminates on 31 December 2024, the same date as the current electricity agreement. Meridian and NZAS are in discussions about a possible new agreement that would apply after that date. Those discussions are ongoing. A copy of the demand response agreement and amendments to the current electricity agreement is available on Meridian's website at [NZAS contract | Meridian Energy](#).

ENDS

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