



# MAJOR ELECTRICITY USERS' GROUP

## Media release

### **Extreme spot electricity prices hit export industries**

Tuesday 14<sup>th</sup> December 2010

“Energy intensive industries have reduced output and have warned that their exports will decline as a consequence of the ultra high spot power prices currently being experienced” according to Terrence Currie, Chairman of MEUG.

“Actions to date included reducing production output because of the cost of power, burning more gas in onsite co-generation power stations to avoid spot purchases, a range of smaller onsite savings where ever possible, and delaying production or undertaking non-routine maintenance instead of production.

“Since the 1<sup>st</sup> of December spot prices have more than trebled with unit prices exceeding 25 c/kWh for many trading periods. These spot prices are indicative of a power supply crisis; although most lake levels are average and the only hydro lake in need of rain appears to be Lake Manapouri. If there is an immediate security of supply danger (which is what the high prices are telling us) the generators, the System Operator and the Electricity Authority should be making plans for a saving campaign.

“If prices continue at current levels MEUG expects more exporters will be forced to cut production. At a time when all New Zealanders are trying to encourage exporters to invest and expand, the electricity supply industry’s pricing strategies are jeopardising the whole economy. MEUG members squarely put the onus on suppliers to explain what new evidence they might have to justify current crises level prices.

“We fully support the Electricity Authority look into recent power prices; but it is only the generators that can provide all of the answers.

#### **Contact:**

Terrence Currie, Chair, T (07) 348 9899, M 0274 859 523  
Ralph Matthes, Executive Director, T (04) 472 0128, M 0274 760 5003

#### **Notes:**

Prior MEUG media releases on this topic “Consumers welcome review of unexplained sudden and extreme increase in spot electricity prices, 9<sup>th</sup> December 2010, [www.meug.co.nz/includes/download.aspx?ID=113403](http://www.meug.co.nz/includes/download.aspx?ID=113403)