

Promoting a robust electricity market



Major Electricity
Users' Group

About MEUG

MEUG was established in the early 1990s to advocate for, and support, a well-functioning electricity market. Our 14 members directly employ over 25,000 people and make essential products like pulp and paper, steel, aluminium and dairy products such as milk powder.

In any given year, our members will generate over \$30 billion in revenue. They use approximately 28 percent of all New Zealand's electricity and pay almost \$1 billion in electricity charges.

Electricity is not only a key input for our members' businesses – it supports our regional communities, employs thousands of people in well-paying jobs, and helps pay for the services we all take for granted but that are essential to a dynamic and thriving economy.

The electricity system must support industrial manufacturing, production, and businesses. MEUG was established to advocate for electricity sector policy, regulatory and legislative settings that are fit for purpose and support the long-term interests of consumers.



28%

of all New Zealand's
electricity is used
by the MEUG group

\$900m

paid in full
for electricity
charges

\$11bn

contributed in
full to the GDP

\$30bn

dollars in
revenue per
annum



25,000

direct employees



Affordable and reliable electricity supply for a productive economy

MEUG and our members want an affordable and reliable electricity supply that supports a productive economy. This means an electricity market where customers believe they are paying a fair or justifiable price and where industry and business can produce products at a competitive price, allowing our exporters to compete internationally, grow export revenue, drive job creation, and reinvest in their businesses.

How can we achieve an affordable and reliable electricity market?

- 1** We need a competitive electricity market where consumers believe they are paying a fair or justifiable price.
- 2** We need to understand the market conditions that have led to a doubling in wholesale prices in the last five years.
- 3** We need a secure and reliable market, as we increase the level of renewable generation in our system and electricity demand increases.
- 4** We need to make it easier for new entrants to supply or expand electricity capacity.
- 5** We need continual investment in infrastructure to maintain a resilient and reliable network.

Our focus for the next three years

To ensure that New Zealand has a competitive and resilient electricity network that delivers affordable electricity and supports economic growth, we are focused on the following issues over the next three years:

- Understand **the disparity between wholesale electricity prices and cost drivers**, to affirm whether the market is working as it should and to retain consumer confidence.
- **Improve transparency and communication** around pricing decisions to demystify cost drivers, explain how costs are allocated across customers and over time, and expose discrepancies where they exist.
- Support Government to **set a clear direction for the energy sector** and to aid the transition to a low carbon economy. Clarity is needed on the role of gas and gas peakers in the foreseeable future and the optimal mix of renewable electricity generation that the market can deliver.
- Advocate for **ETS settings that are predictable and consistent** so that businesses can assess risks and invest appropriately.
- Advocate for adequate **investment** to meet the needs for renewable generation and increased electricity demand and provide resilient, modern and reliable infrastructure for a productive economy.
- If large industrial consumers are required to reduce production via **demand-side response mechanisms** to support the electricity market, the arrangements should be mutually beneficial and balance system needs with economic productivity.
- Increased opportunity for **partnership and consultation between government and industry** to inform policy and develop workable solutions.

Our Members

Our 14 members represent companies that drive economic growth and job creation across New Zealand. Our members include:

Member	Sector	Energy usage GWh per annum
Rio Tinto	Aluminium	5,010
NZ Steel	Steel	1,160
Fonterra	Dairy products	1,113
Oji Fibre Solutions	Pulp, paper, packaging	1,200
Pan Pac	Pulp, paper, packaging	560
Woolworths NZ	Grocery	295
Winstone Pulp International (WPI)	Pulp, paper, packaging	228
Oceana Gold	Mining	186
Whakatane Mill	Pulp, paper, packaging	150
Daiken NZ	Wood panels manufacturing	95
Visy	Packaging and resource recovery	78
Seeka	Horticulture	39
Channel Infrastructure	Fuel infrastructure	39
Amazon Web Services	Data / cloud services	Under development