

Update from the Chair

June 2024

Securing a flexible, resilient electricity supply

Tiwai Point aluminium smelter's long-term future secured

It was great to see the long-term future of the Tiwai Point aluminium smelter secured with the [announcement](#) of electricity supply with Meridian Energy, Contact Energy and Mercury NZ.

The announcement helps provide certainty for the generation sector. Just 12 months ago, the sector was grappling with the risk of political intervention and the Lake Onslow project, and whether NZ Aluminium Smelters (NZAS) would continue to operate the Tiwai Point aluminium smelter. These points of uncertainty have now been resolved. And while the question of how to manage dry-year risk and risks associated with a more intermittent renewable future remains; the demand response aspects of the agreements announced shows a path forward on this vexed issue.

Generation investment decisions can now be made with the certainty that the Tiwai Point aluminium smelter is here for the long-term.

The new electricity arrangements include 20-year demand response agreements with Meridian Energy and Contact Energy, under which NZAS may be requested to reduce electricity consumption by up to a total of 185MW. This represents critical flex, ensuring electricity supply to kiwi households and businesses when intermittent or renewable supply is tight. If NZAS was not in the system, supply would fall over time to match reduced overall demand but there would be much reduced demand response when the hydro lakes are low, or when the wind is not blowing or the sun isn't shining. The risk of shortages or blackouts would be much greater.

It is also a great announcement for the people of Southland and for the New Zealand economy. NZAS contributes around \$400 million a year to the Southland economy and employs about 1,000 full-time equivalent people in well-paying jobs, with another 2,200 people offsite employed indirectly. All this in a province with around 100,000 people in it.

MEUG visits Pacific Steel in South Auckland

The MEUG Executive Committee held its May meeting at [Pacific Steel](#)'s site in South Auckland. For many of us, it was our first time seeing the manufacturing process in action. On behalf of the Executive Committee, I would like to thank the team at Pacific Steel for their excellent hospitality and support.

Key dates

What's on	Who	When	Notes for members
Public holiday: Kings Birthday	All	3 June	Public holiday.
Submission: Draft Security of Supply Assessment	Transpower	4 June	Consultation on Transpower's medium-term security of supply assessment (SOSA) for 2024. MEUG to provide a brief submission.
Submission: Code amendment omnibus	Electricity Authority	4 June	The Authority is consulting on its code amendment omnibus #3, which supports the ongoing investment in and uptake of distribution generation. MEUG will not submit.
Submission: Wellington Electricity reopener	Commerce Commission	4 June	Commission is consulting on its draft decision on Wellington Electricity's unforeseeable major capex reopener.
Event: Taranaki Energy Forum	Energy Resources Aotearoa	12 June	Energy Resources Taranaki Forum on 12 June. Speakers from both Fonterra and Channel Infrastructure on panels.
Release: Energy Quarter	MBIE	13 June	Next update of the NZ Energy Quarterly on 13 June 2024.
Submission: NZ ETS unit settings	Ministry for the Environment	14 June	Consultation on annual updates to NZ ETS limits and price control settings for units.
Submission: NZ ETS regulations	Ministry for the Environment	14 June	Consultation on proposed changes to NZ ETS regulations.
Event: ETS auction	Ministry for the Environment	19 June	The next ETS auction is scheduled for 19 June 2024.
Submission: Preliminary decision on 9 Aug 2021 UTS	Electricity Authority	19 June	Consultation on the Authority's preliminary decision relating to the 9 August 2021 Undesirable Trading Situation (UTS). Cross submissions due 3 July.
Submission: Waikato Regional Capacity project	Transpower	25 June	Consultation on long list of options for Transpower's Waikato Regional Interconnection Capacity project.
Submission: Draft decision for Transpower	Commerce Commission	26 June	The Commission is consulting on its draft decision for Transpower for its regulatory control period 2025 – 2030 (RCP4). Submissions are due 26 June and cross submissions by 15 July. MEUG reviewing draft decision, and holding follow up meetings with Commission and Transpower.
Event: Transpower stakeholder event	Transpower	26 June	Transpower 30 th anniversary as an SOE and to farewell Chief Executive Alison Andrew.
Meeting: MEUG AGM	MEUG members	26 June	Annual General Meeting to be held in Wellington. Discussion of strategic plan, budget and updated incorporated rules for MEUG. Guest speakers include Tracey Kai, Electricity Networks Aotearoa.
Event: Quarterly update	Electricity Authority	27 June	Next quarterly update from Electricity Authority to be held on 27 June, 12.30 to 1.30pm. Register here .
Release: Update of EDGS	MBIE	27 June	Release of 2024 update of the Electricity Demand and Generation Scenarios .
Public holiday: Matariki	All	28 June	Public holiday.
Deadline: Stress test disclosures	Electricity Authority	30 June	Stress test disclosures due for consumers who are grid connected or who buy from Clearing Manager.
Deadline: Hedge declaration certificates	Electricity Authority	30 June	Hedge declaration certificates due 30 June 2024.