



**Major Electricity  
Users' Group**



# Appetite for Offtake Power Purchase Agreements

---

12 SEPTEMBER 2023

# Who is MEUG?



MEUG was established in the early 1990s to advocate for, and support, a well-functioning electricity market.

Our 14 members:

- Use approx. 28% of all New Zealand's electricity
- Pay almost \$1B per annum in electricity charges
- Generate over \$30B in revenue per annum
- Directly employ over 25,000 people



## Why PPAs?

From a large consumer point of view, the current wholesale electricity market is not supporting the transition due to high and unsustainable pricing.

One way to address this:

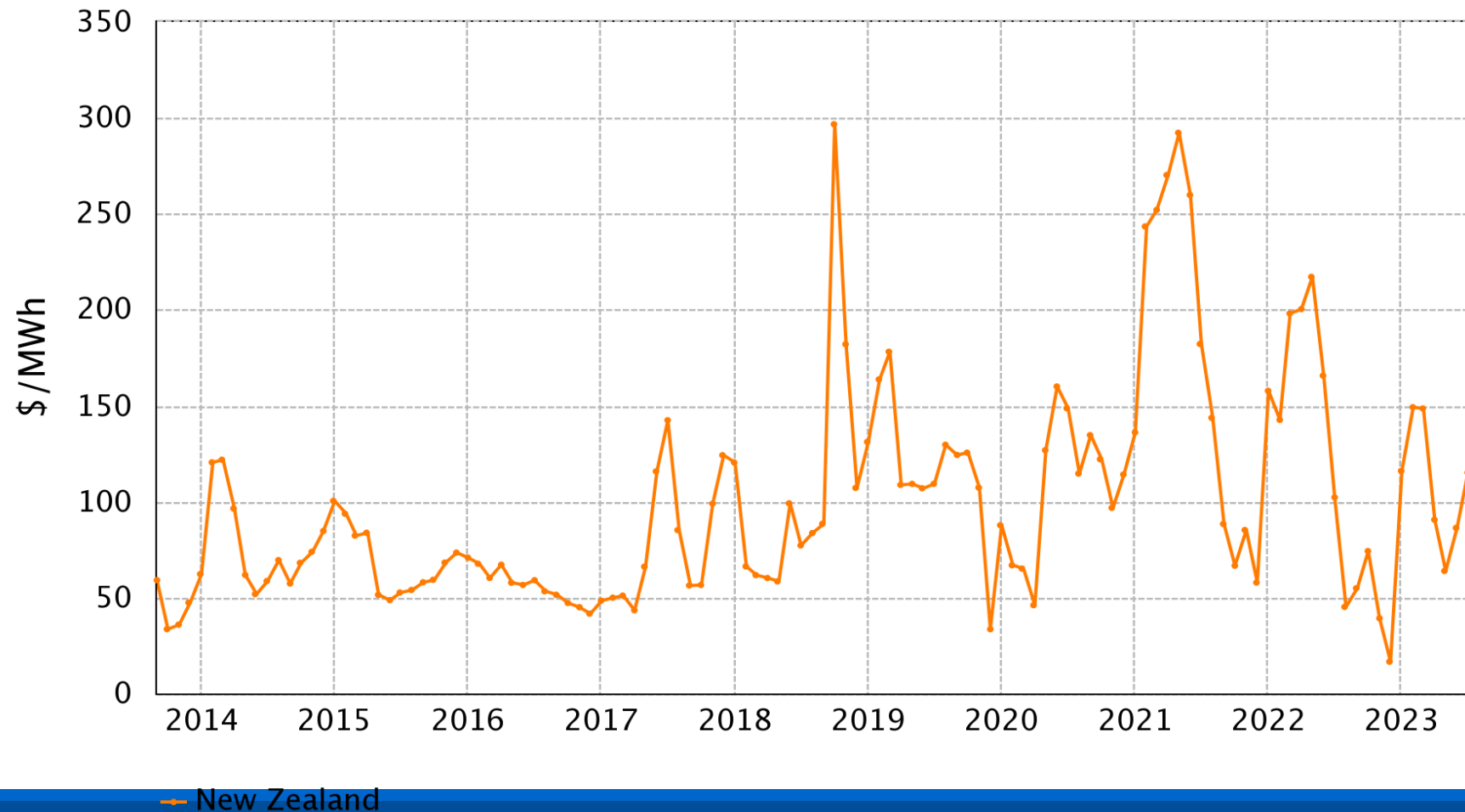
- The use of **Power Purchase Agreements** to facilitate new entrants and build of new renewable generation.



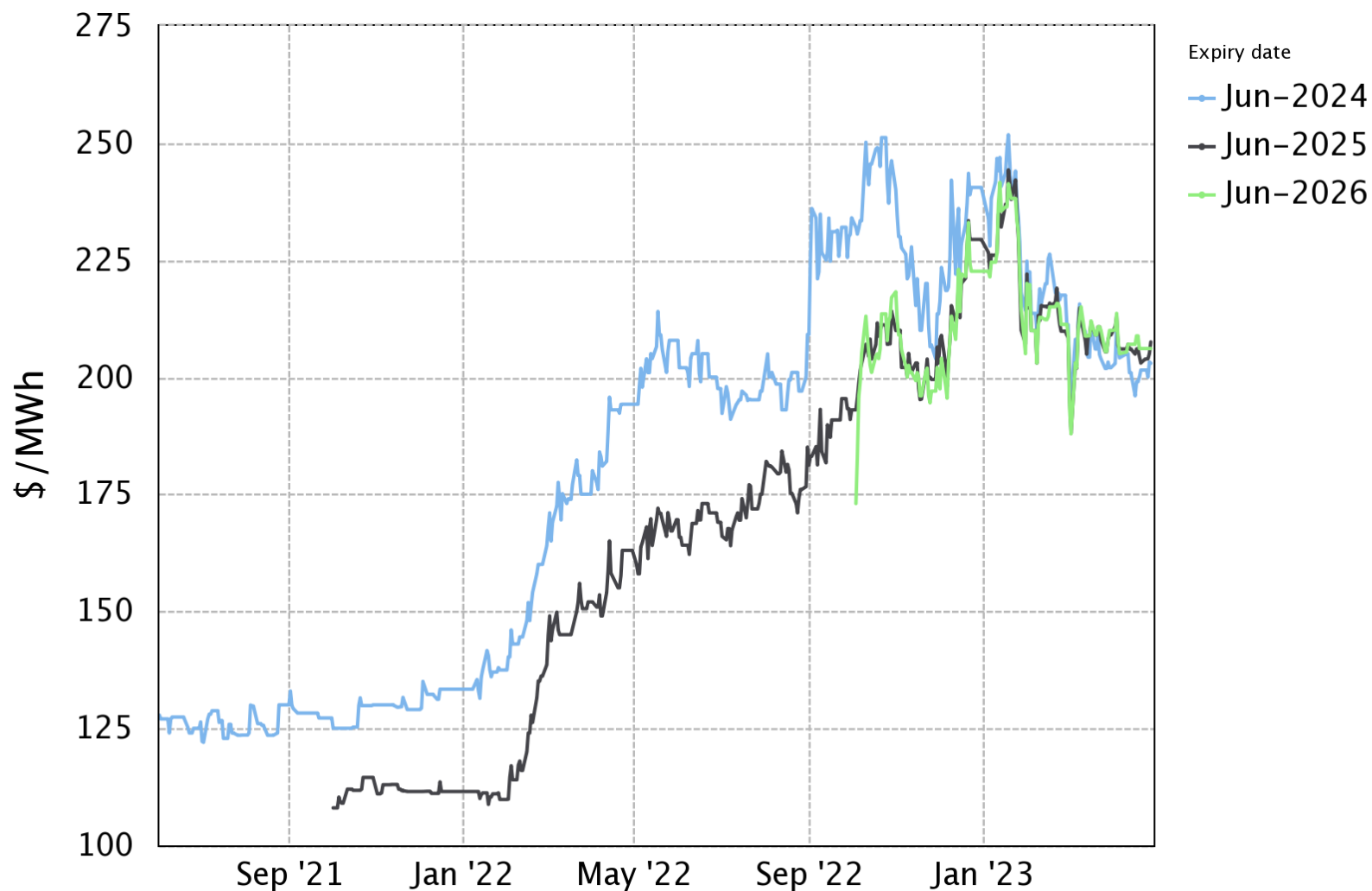
# Electricity pricing – where its coming from



New Zealand average monthly spot price (\$/MWh)  
September 2013 to August 2023



# Electricity pricing – where it's going





## Why PPAs?

- Access to lower and more certain pricing
- May address the increasing price volatility in market
- Businesses focus on emissions reduction and electrification of process heat (ESG)
- Supporting growth of new businesses in New Zealand



# Members experience with PPAs

- Renewable Energy Generation Project
  - 1<sup>st</sup> round completed
  - 2<sup>nd</sup> round underway
- Amazon Web Services with Mercury Energy
- NZ Steel with Contact Energy



# Observations and barriers

- Increase in pricing of PPAs
- Few projects are PPA ready
- Financial products to manage risk
- Level of volume risk on buyers
- Role of Government as a purchaser
- Maturity of New Zealand market compared to other jurisdictions







**Major Electricity  
Users' Group**



# Thank you

---

[www.meug.co.nz](http://www.meug.co.nz)