

The Treasury

New Zealand Aluminium Smelters (NZAS) Information Release

September 2013

Release Document

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Key to sections of the Official Information Act 1982 under which information has been withheld.

Certain information in this document has been withheld under one or more of the following sections of the Official Information Act, as applicable:

- [1] 9(2)(a) - to protect the privacy of natural persons, including deceased people
- [2] 9(2)(b)(ii) - to protect the commercial position of the person who supplied the information, or who is the subject of the information
- [3] 9(2)(f)(iv) - to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials
- [4] 9(2)(g)(i) - to maintain the effective conduct of public affairs through the free and frank expression of opinions
- [5] 9(2)(i) - to enable the Crown to carry out commercial activities without disadvantage or prejudice
- [6] 9(2)(j) - to enable the Crown to negotiate without disadvantage or prejudice
- [7] 9(2)(ba)(i) - to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to prejudice the supply of similar information, or information from the same source, and it is in the public interest that such information should continue to be supplied
- [8] 9(2)(h) – to maintain professional legal privilege

Where information has been withheld, a numbered reference to the applicable section of the Official Information Act has been made, as listed above. For example, a [3] appearing where information has been withheld in a release document refers to section 9(2)(f)(iv).

In preparing this Information Release, the Treasury has considered the public interest considerations in section 9(1) of the Official Information Act.

From: Chris Major
Sent: Monday, 25 March 2013 4:20 p.m.
To: Chris White
Subject: FW: No surprises - New Zealand Aluminium Smelters Negotiations
Attachments: AmbercontinuousdisclosureFINAL2503 (2).doc;

From: Guy Waipara [<mailto:Guy.Waipara@MeridianEnergy.co.nz>]
Sent: Monday, 25 March 2013 4:13 p.m.
To: John Crawford; Andrew Blazey; Juston Anderson; [4] ^AssocMoF: [4]
Jamie.Gray@parliament.govt.nz; Chris Major; Duncan.small@dpmc.govt.nz
Cc: Mark Binns; ^MERIDIAN: Claire Shaw; Tess Bridgman
Subject: No surprises - New Zealand Aluminium Smelters Negotiations

Dear all

Please find attached a comprehensive no surprises briefing on the current state of Meridian's negotiations with Pacific Aluminium.

Meridian has determined that it is in the company's best interests to disclose and update the market and stakeholders over the status of the negotiations with Pacific Aluminium.

This will be done by issuing a continuous disclosure to the NZX stating amongst other things, that "Despite significant effort by both parties there remains a major gap between us on a number of issues, such that we believe that it is unlikely an agreement can be reached with Pacific Aluminium". We will also be stating that we consider that the next step if an agreement cannot be reached with Pacific Aluminium is to engage directly with Rio Tinto, which is the ultimate decision maker.

This briefing includes:

1. The chronology of events leading up to today.
2. A copy of Meridian's continuous disclosure release scheduled for 9:55 am on Tuesday.

If circumstances change overnight I will advise you of this otherwise please assume that the disclosures will reach the market and media at 9:55 am on Tuesday 26th March.

Meridian expects to receive significant media attention over this statement and we have fully briefed the business and are prepared to respond to any questions on this subject. Mark Binns will be the sole Meridian spokesman on this topic.

Kind regards

Guy Waipara

Guy Waipara

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meridian

New Zealand Aluminium Smelter's electricity contract

For immediate release: Tuesday, 26 March 2013

Meridian was approached by Pacific Aluminium, a business unit of global mining giant Rio Tinto Ltd, the majority shareholder of New Zealand Aluminium Smelters Ltd (NZAS), in July 2012, to discuss potential changes to its existing electricity contract.

Since talks began, various options have been discussed and Meridian has offered a significant number of changes and concessions to the existing contract.

Chief Executive of Meridian Energy, Mark Binns, says that Meridian has advised Pacific Aluminium of its 'bottom line' position.

"Despite significant effort by both parties there remains a major gap between us on a number of issues, such that we believe that it is unlikely an agreement can be reached with Pacific Aluminium," says Mr Binns.

In the event no agreement can be reached, Meridian will seek to engage with Rio Tinto and Sumitomo Chemical Company Ltd, the shareholders of NZAS, who will ultimately decide on the future of the smelter.

Meridian signed a new contract with NZAS in 2007, after three years of negotiations. This contract commenced on 1 January 2013 and remains unaltered and binding on the parties.

In October 2011, Rio Tinto announced it would restructure its worldwide aluminium business and said interests in six of its Australian and New Zealand assets (including the smelter at Tiwai Point) would be transferred into a new business unit called Pacific Aluminium, and sold.

ENDS

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About Meridian Energy

Meridian Energy is an integrated renewable energy company; the largest generator in New Zealand, with a strong pipeline of development options in Australasia; and an electricity retailer throughout New Zealand.

Meridian and its online subsidiary Powershop retail electricity to approximately 285,000 connections – homes, farms and businesses throughout New Zealand.

The Meridian Energy Group includes a parent company Meridian Energy, subsidiary businesses in Australia and the USA and other innovative New Zealand investments that complement our core activities as an electricity generator and retailer.

Meridian generates electricity from renewable sources – wind and water in New Zealand; wind in Australia; and solar in the USA. The company supplies 30 per cent of New Zealand's total electricity needs, including to the country's largest consumer, the New Zealand Aluminum Smelter. Meridian owns and operates seven hydro stations, six within the Waitaki Hydro Scheme, and four wind farms throughout New Zealand.

Meridian's commitment to renewable energy, environmental stewardship and support for the communities living alongside its assets makes it authentically sustainable. Meridian continually looks for ways to provide positive energy solutions to customers to help them reduce their energy use.