Long-term future for New Zealand’s Tiwai Point aluminium smelter secured with new power deals

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New Zealand Aluminium Smelters (NZAS) has signed 20-year electricity arrangements that secure the future of the Tiwai Point aluminium smelter to continue competitively producing high-purity, low-carbon metal, backed by a diversified mix of renewable electricity from New Zealand's South Island.

NZAS, which owns and operates Tiwai Point, has signed contracts with electricity generators Meridian Energy, Contact Energy and Mercury NZ to set pricing for an aggregate of 572 megawatts (MW) of electricity to meet the smelter's full electricity needs.

The agreements, which are subject to regulatory approvals and other conditions, are expected to commence in July 2024 and run until at least 2044.

Rio Tinto Aluminium Chief Executive Jérôme Pécresse said "We are pleased the long-term future of the Tiwai Point smelter has been secured with these agreements, which were reached with a genuinely collaborative spirit between all parties.

"They give us confidence that our New Zealand workforce and assets can continue competitively producing the high purity, low-carbon aluminium needed for the global energy transition.

"This is an exciting new chapter, and we would like to thank everyone involved, including our new energy partners, our local Indigenous partners Ng?i Tahu, the Southland community, the New Zealand government and our NZAS workforce for their support in getting us here today."

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 will help ensure secure electricity supply to New Zealand homes and businesses when it is most needed.

In a separate transaction, Rio Tinto has entered into an agreement to acquire Sumitomo Chemical Company Limited's (SCC's) 20.64% interest in NZAS for an undisclosed price. On completion of the transaction, NZAS will be 100% owned by Rio Tinto.

Rio Tinto has also entered into an agreement, for an undisclosed price, to acquire SCC's 2.46% interest in Boyne Smelters Ltd (BSL), which owns and operates the Boyne Island aluminium smelter in Gladstone, Australia. On completion of this acquisition, Rio Tinto's interest in BSL will be 61.85%.

The sale and purchase transactions are part of SCC's business portfolio transformation. Each transaction is subject to various conditions precedent, including regulatory approvals from New Zealand's Overseas Investment Office and Australia's Foreign Investment Review Board, as applicable.

Notes to editors

NZAS contributes about NZ$400 million to the Southland economy annually, or 6.5% of Southland's GDP.

About 1000 full time-equivalent employees and contractors work at the smelter, with around a further 2200 people offsite employed indirectly.

Category: NZAS

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Contact

Please direct all enquiries to media.enquiries@riotinto.com

Media Relations,
United Kingdom
Matthew Klar
M +44 7796 630 637
David Outhwaite
M +44 7787 597 493

Media Relations,
Australia
Matt Chambers
M +61 433 525 739
Jesse Riseborough
M +61 436 653 412
Alyesha Anderson
M +61 434 868 118
Michelle Lee
M +61 458 609 322

Media Relations,
Americas
Simon Letendre
M +1 514 796 4973
Malika Cherry
M +1 418 592 7293
Vanessa Damha
M +1 514 715 2152

Investor Relations,
United Kingdom
David Ovington
M +44 7920 010 978
Laura Brooks
M +44 7826 942 797

Investor Relations,
Australia
Tom Gallop
M +61 439 353 948
Amar Jambaa
M +61 472 865 948

Rio Tinto Plc
6 St James's Square
London SW1Y 4AD
United Kingdom
T +44 20 7781 2000
Registered in England
No. 719885

Rio Tinto Ltd.
Level 43, 120 Collins Street
Melbourne 3000
Australia
T +61 3 9283 3333

Registered in Australia
ABN 96 004 458 404

riotinto.com