



(Pointon, N., 2022)

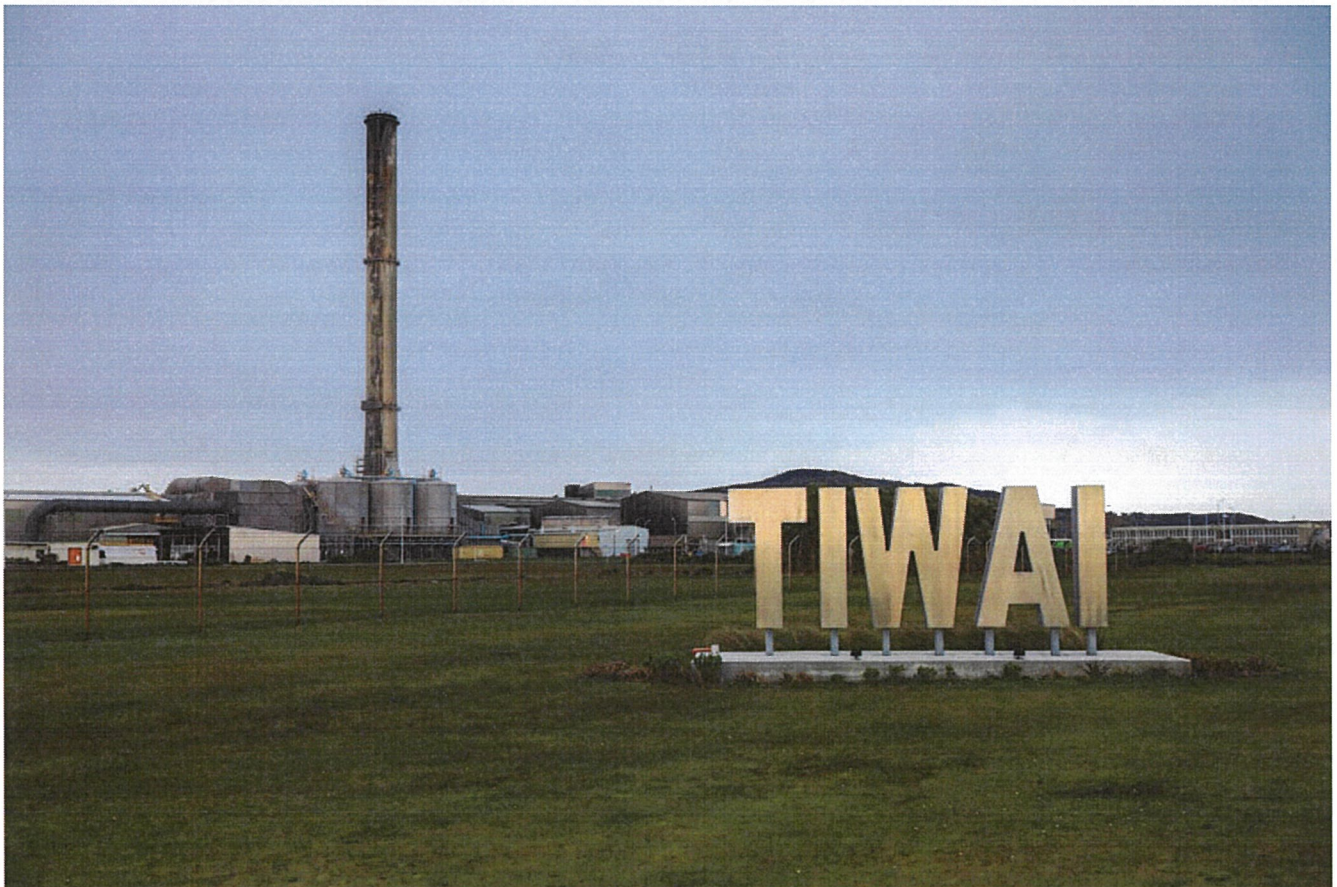
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Rio Tinto wants to keep operating Tiwai Point smelter past 2024 closure date

5:04 pm on 8 February 2022

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The Tiwai Point aluminium smelter wants to keep operating past its previously signalled closure date in 2024.



Rio Tinto says it is working closely with Ngāi Tahu, Southland and key industry leaders on plans. Photo:

In a statement issued by the smelter's majority owner, Rio Tinto, it said it believed there was a long-term future for the Bluff operation.

"With a global strategy focused on decarbonisation and growth (released in October last year) Rio Tinto does see a positive pathway for New Zealand's Aluminium Smelter (NZAS) to continue operating and contributing to the local and national economies beyond 2024," NZAS chief executive Chris Blenkiron said.

"We are working closely with Ngāi Tahu, Southland and key industry leaders to find the best way to achieve this."

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The comments come as aluminium prices climbed to new highs

(<https://www.rnz.co.nz/news/national/457230/good-prospect-tiwai-smelter-will-delay-closure-if-aluminium-prices-stay-high-govt-officials>), eclipsing the \$4300 per tonne mark in January, according to a research note from Forsyth Barr.

The upward pressure on prices was the result of China's decision to recude carbon emissions by scaling down some of its coal-powered plants and high electricity prices curbing European production.

About 85 percent of the power consumed by Tiwai Point is renewably generated, with most of that supply coming from the Manapouri hydroelectric power station which is owned by Meridian Energy.

Blenkiron said as a producer of some of the highest purity, lowest carbon aluminium in the world, NZAS was well placed to supply economies focused on decarbonisation.

Q In a statement to the stock exchange, Meridian Energy said it had not had discussions with the smelter's owner about a new power contract beyond 2024.

The future of Tiwai Point was in jeopardy in 2020 after Rio Tinto announced plans to shut the smelter down in 2021, citing expensive electricity costs.

P However, in 2021 it announced it had secured a cut-price power deal (<https://www.rnz.co.nz/news/national/434490/tiwai-point-aluminium-smelter-to-keep-operating-until-end-of-2024>) from Meridian and Contact Energy to keep it open for another four years.

Meridian Energy chief executive Neal Barclay later said it would not give the smelter any more rock bottom price deals once the current contract expired, even if it wanted to stay.

Minister of Energy and Resources Megan Woods said her vision for the future of Southland hadn't changed despite Rio Tinto interest in remaining at Tiwai Point.

She said the 'will-they-won't-they' uncertainty created frustration for Southlanders, but whatever the outcome the government would not be offering taxpayer-funded subsidies to Rio Tinto.

'Good news for our region' - Great South

The Southland region was excited about the prospect the smelter could remain open beyond 2024.

"I think it's really good news for our region," the chief executive of Southland's regional development agency, Great South, Graham Budd said.

The smelter was the biggest employer in the area, employing 1000 people directly and a further 1600 people indirectly.

"It's a positive impact if those jobs are retained and they're highly skilled jobs, well-paid jobs.

"They are actually a very good employer," he said.

The news comes a week after the government outlined its initial plan to support the region (<https://www.rnz.co.nz/news/national/460772/tiwai-point-closure-transition-plan-for-southland-revealed>) should the smelter leave.

Budd said the government's "just transition" work must continue, regardless if the smelter stays open, to diversify the range of industries that support the local economy.

"If they do stay open the just transition process will continue regardless, so that we've actually got future planning and future thinking well underway to diversify and explore other options for the region," he said.

Ideas that had been floated included establishing the world's first large-scale producer of green hydrogen or the construction of a data centre.

Meridian Energy and Contact Energy went as far as to commission a report into the feasibility of a hydrogen plant (<https://www.rnz.co.nz/news/business/447421/southland-eyed-for-new-zealand-s-largest-green-hydrogen-plant>) which would take advantage of the surplus power if the smelter decide to leave New Zealand.

Hydrogen plans likely to be shelved

Forsyth Barr senior equity analyst Andrew Harvey-Green said the signal from Rio Tinto would certainly make it difficult for the hydrogen plans to be realised.

"I think the scale [Meridian Energy and Contact Energy] are looking at means it's highly unlikely to be able to do hydrogen and keep Rio Tinto open at the same time without new electricity generation being built.

"I do not that think that is something the electricity companies would lose much sleep over," he said.

The key thing was being able to sell their electricity.

He said another important part of the announcement was that Rio Tinto was open to providing more dry year support than they had done historically.

Support would include the smelter scaling down its energy usage during periods of high demand.