



Media release

**Sunday 21 May 2023**

**Contact announces pioneering renewable energy agreement with NZ Steel**  
**Flexible off-peak electricity deal is part of a hugely significant step towards meeting New Zealand's climate change goals**

Contact Energy (Contact) has today announced it has negotiated an innovative renewable energy agreement with NZ Steel, in a move that will see the steel mill almost halve its carbon emissions - and secure the future of domestic steelmaking in New Zealand.

Contact will provide 30MW of renewable generated electricity to NZ Steel for its new \$300m Electric Arc Furnace in a flexible off-peak arrangement that will enable the industry leader to scale down production in times of peak demand or supply shortages.

By substituting coal and ironsand with electricity and scrap steel, NZ Steel will eliminate 800,000 tonnes of carbon from day one, the same as taking approximately 300,000 cars off the road permanently, or 1% of New Zealand's total emissions.

Speaking about the agreement, Contact CEO Mike Fuge said that by creating what is a pioneering, flexible renewable energy agreement Contact was able to help industry decarbonise at pace.

"Today's announcement is hugely significant," says Mr Fuge.

"Not just because it is a massive step towards decarbonisation but also because together Contact and NZ Steel can make a meaningful impact in our fight against climate change. This is our watershed moment.

"At Contact our mission is to help build a better New Zealand by leading the decarbonisation of the country. We have invested more than \$1.1 billion in renewable energy builds and now we see proof of demand. This is an outstanding example of how we in industry can, with smart thinking and a partnership mindset, work together for the good of the planet.

"This is the biggest example we have in New Zealand of the move towards electrification and is tangible evidence of the demand for renewable energy as well as supporting our renewable development pipeline."

Speaking of the agreement NZ Steel Chief Executive Robin Davies says a reliable supply of firmed renewable energy was critical to the company's plan to move to lower carbon production and to build a new \$300m Electric Arc Furnace at its Glenbrook steelworks.

"We're delighted by the pioneering and creative partnership with Contact Energy to provide a competitive and innovative supply agreement.

“This project is a partnership that would never have happened without the support of the Government and the other key contributor Contact Energy who recognised the potential, and had the commitment, to help make it happen,” says Mr Davies.

At today’s announcement attended by Prime Minister Rt Hon Chris Hipkins, Energy Minister Hon Megan Woods and Climate Change Minister Hon James Shaw, NZ Steel also outlined its partnership with the Government through the Government Investment in Decarbonising Industry or GIDI fund.

Both NZ Steel and the Government would jointly invest total capital and transition costs of around \$300m in the Electric Arc Furnace initiative. The Government, through the GIDI fund, administered by EECA, will contribute up to \$140million.

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### **About Contact**

Contact Energy is one of New Zealand’s largest energy retailers and generators. We generated 8.3 terawatt hours of electricity from hydro, geothermal and gas in the last financial year and have more than 600,000 customers with electricity, gas and broadband connections. Our vision is to build a better Aotearoa New Zealand by leading New Zealand’s decarbonisation journey. We believe home is the most important place in the world. It’s all part of our long-term vision to create and contribute to a better New Zealand; from the homes and communities we live in, to the land and resources that future generations can enjoy.

Website: [contactenergy.co.nz](https://contactenergy.co.nz)