

PRESS RELEASE – 13 March 2025

MBIE data shows alarming industrial demand decrease

The Ministry of Business, Innovation and Employment's (MBIE) quarterly energy report for the December 2024 quarter reveals an alarming decrease in electricity demand by industrial users.

Major Electricity Users' Group (MEUG) Executive Director Karen Boyes notes that while electricity use is typically lower in spring, MBIE data shows an overall decline in electricity demand.

"We saw Winstone Pulp International and the Oji Fibre Solutions' Penrose plant shut down in the 2024 December quarter. Deindustrialisation is not the path to prosperity New Zealand needs."

"New Zealand's Aluminium Smelter (NZAS) demand was curtailed following low-hydro lake levels and the lack of gas which characterised winter 2024 - leading Meridian Energy to ask for the agreed reduction in production from the smelter.

While this arrangement benefits the system, MEUG would like to see an electricity system that can meet demand regardless of the weather."

MEUG says the data also reveals a worrying lack of firming generation.

"While it's great to see such a high percentage of renewable generation in the data (94.3%), this would be expected in spring when the hydro-lakes are replenished, and demand is lower overall.

We are facing another dry winter with hydro-lakes below historic average levels for this time of year and no solution to the gas shortages that plagued the system last year," Boyes says.

"Firming flexible generation is necessary to mitigate against dry-year risk and the increasing level of intermittent renewable electricity generation in New Zealand. However, the system's flexible thermal generation is aging, with some plants near retirement and lacking fuel.

This uncertainty leads to increased volatility and an overall increase in electricity prices; this does not bode well for our economy."

Boyes says MEUG and its members will be closely watching the outcomes of the joint Commerce Commission - Electricity Authority task force on competition and the MBIE review of the electricity system.

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About the Major Electricity Users Group

The Major Electricity Users' Group (MEUG) represents the interests of large electricity consumers in New Zealand. MEUG advocates for policies ensuring a reliable, affordable, and sustainable electricity supply, benefiting its members and the wider community.

www.meug.co.nz