

PRESS RELEASE – 7 May 2025

MEUG welcomes Contact's pragmatic Methanex deal and cautiously acknowledges its acquisition of Manawa

The Major Electricity Users' Group (MEUG) welcomes the pragmatic deal between Methanex and Contact Energy announced today with Contact taking ~2.8PJ of gas to be supplied over an eight-week period, starting immediately.

Executive Director of MEUG Karen Boyes says, "This is welcome news as we face another winter with low lake levels and constrained gas supplies. This means our members can continue operating with the assurance that there is fuel available for firming generation which should act as a dampener on wholesale market volatility."

This is the second year Contact has reached an agreement with Methanex to free up gas for its Stratford peaking units as well as the Taranaki Combined Cycle gas-fired power station (TCC). Contact Energy reiterated that it expects TCC to close immediately after winter 2025.

Boyes says, "We have another short-term solution for this winter but looking ahead to 2026, the system will still be facing a firming fuel shortage and the need to bring on new renewable generation remains urgent."

MEUG also cautiously acknowledges the announcement from the Commerce Commission that has granted clearance for Contact Energy to acquire 100% of Manawa Energy. MEUG does, however, expect the Government and regulators to vigilantly monitor the market to ensure this decision delivers more contracts for large users, downward pressure on prices, and the on-going delivery of new generation.

MEUG continues to have serious concerns about the state of competition in the electricity market and the negative impact this is already having on pricing for electricity consumers, including our members. Boyes says prices for large users have been unjustifiably high for six years, and futures prices are also increasing.

"Today's decision was expected. While MEUG does note the possible benefits of consolidating generation projects as part of this acquisition, unless the Government or the Electricity Authority acts to improve competition and lower prices, further deindustrialisation of the New Zealand economy is inevitable."

MEUG believes that as Manawa was already selling most of the electricity it generated to existing gentailers the acquisition by Contact Energy would have little initial effect on competition but again urges careful scrutiny of the longer-term outcomes.

MEUG supports the establishment of the Commerce Commission and Electricity Authority's energy competition task force and eagerly awaits the finding of Government's review of the electricity market – the pressure is now on to ensure that this decision provides value for New Zealand.

ENDS

For further details, please contact:

Karen Boyes, Executive Director
Phone +64 27 472 7798
Email: karen@meug.co.nz

About the Major Electricity Users Group

The [Major Electricity Users' Group](https://www.meug.co.nz) (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.