



pure kiwi mettle

**NEW ZEALAND ALUMINIUM SMELTERS LIMITED**

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30 May 2024

Neal Barclay  
Meridian Energy Limited  
287-293 Durham Street North  
Christchurch 8013

Dear Neal

### **Core Agreement: NZX Hedge Settlement Arrangements**

1. We refer to:
  - (a) the electricity swap (the *Core Agreement*) to be entered into on or about the date of this letter between Party A and Party B comprised of a Master Agreement, Schedule and Confirmation entitled "Confirmation – Electricity Agreement (Core Agreement)"; and
  - (b) the associated hedge settlement agreement (the *HSA*) to be entered into between Party A and Party B, pursuant to clause 14.8 of the Code in the form annexed as Schedule 1 and dated on or about the date of this letter.
2. This letter records the agreement between Party A and Party B in relation to the entry into and operation of the HSA.
3. References to "Agreement", "Business Day", "Calculation Period", "Code", "Clearing Manager", "Effective Date", "Fixed Price", "Notional Quantity" and "Transaction" have the meaning given to those terms in the Core Agreement.
4. All other capitalised terms used in this letter that are not otherwise defined have the meanings given to them (uncapitalised) in the HSA and the Code.

#### **Execution of HSA and Core Agreement**

5. The parties agree to execute and submit the HSA to the Clearing Manager on or about the date of execution of the Core Agreement and maintain the HSA in force for the term of the Core Agreement.
6. On the date that is 3 Business Days before the Effective Date, Party A shall notify the clearing manager in accordance with paragraph 1 of Part A of Attachment 1 to the HSA of the date that is to be the commencement date under the HSA, such date to be the same as the Effective Date.

#### **Adjustments to the fixed price and/or notional quantity**

7. The intention of Party A and Party B is that the fixed price and notional quantity for a calculation period under the HSA will be the same as the Fixed Price and Notional Quantity for the same Calculation Period under the Core Agreement. Accordingly:

- (a) Party A shall give a notice to the Clearing Manager in accordance with paragraph 1 of Part B of Attachment 1 to the HSA by 2pm on the relevant day referred to in that paragraph of the HSA, adjusting the fixed price and/or notional quantity for a calculation period under the HSA to be the same as the Fixed Price and/or Notional Quantity for the same Calculation Period under the Core Agreement if the Fixed Price and/or the Notional Quantity for the Calculation Period is to be adjusted in accordance with the Core Agreement;
  - (b) Party B shall give a notice to the Clearing Manager in accordance with paragraph 2 of Part B of Attachment 1 to the HSA by 4pm on the relevant day referred to in that paragraph of the HSA agreeing with the adjustment specified in Party A's notice described in (a) above if Party B is satisfied that the Fixed Price and/or Notional Quantity for the Calculation Period is to be adjusted under the Core Agreement and the adjustment will result in the fixed price and/or notional quantity for the calculation period under the HSA being the same as the Fixed Price and/or the Notional Quantity for the same Calculation Period under the Core Agreement;
  - (c) Party A shall not give notice to the Clearing Manager under paragraph 1 of Part B of Attachment 1 to the HSA except in accordance with paragraph (a) above; and
  - (d) Party B shall not give notice to the Clearing Manager under paragraph 2 of Part B of Attachment 1 to the HSA except in accordance with paragraph (b) above.
8. Party B irrevocably appoints Party A and each of its directors and general managers severally as its lawful attorney to sign for Party B in its name and to send to the Clearing Manager (if Party B has failed to give a notice in accordance with paragraph 7(b) and Party A considers reasonable grounds do not exist for Party B failing to do so), a notice agreeing to the adjustment specified in Party A's notice described in paragraph 7(a) in or substantially in the form set out in Schedule 2. Party B ratifies and confirms, and shall be bound by, any such notice given in the name of Party B pursuant to this paragraph 8.

#### **Termination of Core Agreement**

9. If the Transaction is, or will be, terminated before 23.59 hours on 31 December 2044 by notice in accordance with the Core Agreement, Party A and Party B must give notice to the Clearing Manager cancelling the HSA with effect from the same date that the Transaction terminates (but, if that is not possible, as soon as practicable after the date that the Transaction terminates) together with a notice of termination of the Transaction to the Clearing Manager.
10. Each of Party A and Party B (each an *Appointor*) irrevocably appoints the other party and each of the other party's directors and senior manager (being, in the case of Party A, its general managers and, in the case of Party B, its chief executive officer) (the *Attorney*) severally as its lawful attorney to sign for the Appointor in its name and join in submitting to the Clearing Manager (in each case if the Appointor fails to do so within 2 Business Days following a written request from the other party when required by paragraph 9 above) a notice cancelling the HSA in or substantially in the form set out in Schedule 3. Any such notice must record the cancellation date of the HSA as the same date on which the Transaction terminates (but, if that is not possible, as soon as practicable after the Transaction terminates). The Appointor ratifies and confirms, and shall be bound by, any such cancellation notice given in the name of both Party A and Party B pursuant to this paragraph 10.

#### **Change to Code**

11. If, during the term of the HSA, the Code is changed in any way that affects the operation of the arrangements in this letter in relation to the HSA, Party A and Party B will confer as to how best to alter those arrangements so as to accord with the Core Agreement whilst still meeting the requirements of the Code.
12. The parties acknowledge that the right to terminate this letter agreement and recover damages if a breach of this letter agreement occurs with respect of a party (*defaulting party*) may not be an adequate remedy for the other party and the other party remains entitled to seek injunctive relief and

specific performance of the obligations of the defaulting party, provided that nothing in this paragraph 12 limits the right of a party to assert that damages are an adequate remedy in the particular circumstances.

**Agreement**

- 13. This letter is governed by New Zealand law and the parties submit to the non-exclusive jurisdiction of the New Zealand courts.
- 14. If you agree with the foregoing, the above terms will form the basis upon which Party A and Party B will operate the Core Agreement and the HSA. Please signify your agreement by countersigning below.

**Confidentiality**

- 15. The provisions of Part 5(3) of the Schedule to the Agreement shall apply to this letter agreement as if references in those provisions to "this Agreement" were to this letter agreement.

Yours faithfully

**For and on behalf of New Zealand Aluminium Smelters Limited by:**

\_\_\_\_\_  
Signature of director

\_\_\_\_\_  
Name of director

**Accepted and agreed for and on behalf of Meridian Energy Limited by:**

\_\_\_\_\_  
Signature of Authorised Signatory

\_\_\_\_\_  
Name of Authorised Signatory

30 May 2024

\_\_\_\_\_  
Date:

Copy to: Energy Clearing House Limited

**Schedule 1  
Hedge Settlement Agreement**

Date: 2024

Party A	Meridian Energy Limited
Party B	New Zealand Aluminium Smelters Limited

**1 Lodging of hedge settlement agreement**

(1) Party A and Party B (the **parties**) submit this **hedge settlement agreement** to the **clearing manager**, as contemplated by clause 14.8 of the Electricity Industry Participation Code 2010 (the **Code**). Terms that are used in this agreement but not defined bear the meaning given to them in the **Code**.

(2) By submitting this **hedge settlement agreement** to the **clearing manager** in accordance with clause 14.8 of the **Code**, the **parties** agree to be bound by the terms set out below from the time at which the **clearing manager** counter-signs it.

(3) If the **clearing manager** counter-signs this document then, from the time it counter-signs, it has obligations relating to it under the **Code**. However, the **parties** acknowledge the **clearing manager** is not bound by this document and that its obligations in relation to it are limited to those set out in the **Code**.

**2 Definitions**

The following definitions apply in this document:

**aggregate fixed amount** means, in relation to a **billing period**, the sum of the **fixed amounts** for each **calculation period** in that **billing period**

**aggregate floating amount** means, in relation to a **billing period**, the sum of the **floating amounts** for each **calculation period** in that **billing period**

**business day** means any day of the week except Saturdays, Sundays, **national holidays**, the day observed as Wellington Anniversary Day, and any other day from time to time declared by the **Authority** not to be a **business day** by notice to each **registered participant**

**calculation period** means a **trading period** during the **term**

**commencement date** means the date specified as such in the schedule

**expiry date** means the date specified as such in the schedule

**fixed amount** means, in relation to a **calculation period**, an amount calculated using the following formula:

$$\text{fixed amount} = \text{notional quantity} \times \text{fixed price}$$

**fixed amount payment date** means, in relation to a **billing period**, the date specified as such in the schedule

**fixed price** means, in relation to a **calculation period**, the amount determined as such for that **calculation period** in accordance with the schedule

**fixed price payer** means, in relation to a **hedge settlement agreement**, the party specified as such in the schedule

**floating amount** means, in relation to a **calculation period**, an amount calculated using the following formula:

$$\text{floating amount} = \text{notional quantity} \times \text{floating price}$$

**floating amount payment date** means, in relation to a **billing period**, the date specified as such in the schedule

**floating price** means, in relation to a **calculation period**, the **final price** per **MWh** for that **calculation period** by reference to the **hedge reference point**

**floating price payer** means, in relation to a **hedge settlement agreement**, the party specified as such in the schedule

**hedge reference point** means the **grid exit point** specified as such in the schedule

**notional quantity** means, in relation to a **calculation period**, the number of **MWhs** determined as such in accordance with the schedule for that **calculation period**

**settlement date** means the date on which payments are due under clause 14.31 of the Code

**term** means the period from 00.00 hours on the **commencement date** until 23.59 hours on the date on which the **hedge settlement agreement** terminates

### 3 Payment of hedge settlement amounts

In relation to a **billing period**:

- (a) on the **fixed amount payment date**, the **fixed price payer** must pay the **clearing manager** an amount equal to the **aggregate fixed amount** in relation to that **billing period**;
- (b) on the **floating amount payment date**, the **floating price payer** must pay the **clearing manager** an amount equal to the **aggregate floating amount** in relation to that **billing period**;
- (c) on the **settlement date** the **clearing manager** must pay:
  - (i) the **fixed price payer** an amount equal to the **aggregate floating amount** in relation to that **billing period**; and
  - (ii) the **floating price payer** an amount equal to the **aggregate fixed amount** in relation to that **billing period**; and
- (d) for the avoidance of doubt, the obligations to pay the **clearing manager** under this **hedge settlement agreement** do not excuse Party A or Party B of its obligation to pay the **clearing manager** in accordance with Part 14 of the **Code**.

### 4 Termination

This **hedge settlement agreement** terminates on the earlier of:

- (a) the **expiry date**; and
- (b) the date on which it is cancelled under the **Code**.

### 5 Other provisions

- (a) The **fixed price** is inclusive of any additional costs arising due to carbon charges.

- (b) Subject to clause 5(c), each party shall keep confidential, and make no disclosure of:
  - (i) the contents of this **hedge settlement agreement**; and
  - (ii) all information obtained from the other party under this **hedge settlement agreement** or in the course of negotiations in respect of this **hedge settlement agreement**, (together, **Information**).
- (c) Information may be disclosed by a party if:
  - (i) disclosure is to the Electricity Authority; or
  - (ii) disclosure is required by law, or necessary to comply with the listing rules of any recognised stock exchange; or
  - (iii) disclosure is necessary to obtain the benefits of, and fulfil obligations under, this **hedge settlement agreement**; or
  - (iv) that Information already is, or becomes, public knowledge other than as a result of a breach of clause 5(b) by that party; or
  - (v) disclosure is made to a lawyer or accountant for that party; or
  - (vi) disclosure is made with the written agreement of the parties.
- (d) In addition, where there is a:
  - (i) day, this means both **business days** and non-**business days**;
  - (ii) weekday, this means a **business day**;
  - (iii) weekend, this means non-**business days**.

**EXECUTION**

**PARTY A**

**MERIDIAN ENERGY LIMITED**

(Company No: 938552)

By:

\_\_\_\_\_  
Signature of Authorised Signatory

\_\_\_\_\_  
Name of Authorised Signatory

Date:

**PARTY B**

**NEW ZEALAND ALUMINIUM**

**SMELTERS LIMITED**

(Company No: 156735)

By:

\_\_\_\_\_  
Signature of Authorised Signatory

\_\_\_\_\_  
Name of Authorised Signatory

Date:

The **clearing manager** accepts the lodgement of this **hedge settlement agreement** by counter-signing it.

EXECUTED for and on behalf of **Energy Clearing House Limited** by:

\_\_\_\_\_  
[print name]

\_\_\_\_\_  
[signature]

\_\_\_\_\_  
Position

in the presence of:

\_\_\_\_\_  
[signature]

\_\_\_\_\_  
Full name

\_\_\_\_\_  
Address

\_\_\_\_\_  
City/town of residence

**SCHEDULE  
TERMS OF HEDGE SETTLEMENT AGREEMENT**

<b>Hedge settlement agreement terms</b>	
Commencement Date	The date notified to the <b>clearing manager</b> as the <b>commencement date</b> in accordance with Part A of attachment 1.
Expiry Date	31 December 2044
Fixed Amount Payment Date	The 19 <sup>th</sup> day of the month after the billing period or by the <b>settlement date</b>
Floating Amount Payment Date	The <b>settlement date</b> being the 20 <sup>th</sup> of the month or next <b>business day</b>
Fixed Price Payer	Party B
Floating Price Payer	Party A
Notional Quantity	For each <b>calculation period</b> : (a) during the period from (and including) 00:00 hours on the <b>commencement date</b> to (and including) 23:59 hours on 31 December 2024, 236 MWhs per <b>calculation period</b> ; and (b) during the period from (and including) 00:00 hours on 1 January 2025 to (and including) 23:59 hours on the <b>expiry date</b> , 188.5 MWhs per <b>calculation period</b> , in each case subject to adjustment in accordance with attachment 1.
Fixed Price	\$ [REDACTED] per MWhs subject to adjustment in accordance with Part B of attachment 1.
Hedge Reference Point	TWI2201



## Attachment 1

### Part A: Notification of the commencement date

1. Party A shall notify the **clearing manager** by email (copying Party B) of the **commencement date** no less than 3 **business days** before the date that is to be the **commencement date**.

### Part B: Adjustments to the fixed price and/or notional quantity

1. If the **fixed price** and/or the **notional quantity** for a **calculation period** is to be adjusted from the amount specified in the schedule Party A shall promptly and no later than the 2<sup>nd</sup> **business day** after the end of the **billing period** relating to that **calculation period** notify the **clearing manager** by email (copying Party B) of the adjustment.
2. If Party B agrees with the adjustment specified in Party A's notice referred to in paragraph 1 above, Party B shall promptly and no later than the 2<sup>nd</sup> **business day** after the end of the **billing period** relating to that **calculation period** notify the **clearing manager** of its agreement by reply email, in which case the **notional quantity** shall be adjusted in accordance with Party A's notice referred to in paragraph 2 above.
3. If Party B does not give a notice agreeing with the adjustment as contemplated by paragraph 2 above then no adjustment shall be made to the **fixed price** and/or the **notional quantity** (as applicable) unless and until the **clearing manager** receives notifications from both Party A and Party B agreeing to the adjustment.

## Schedule 2

### Form of Agreement to Adjustment pursuant to Paragraph 8

[Date]

[Clearing Manager details]

#### Notice of agreement to adjustment of Hedge Settlement Agreement

Meridian Energy Limited (*Party A*) refers to the hedge settlement agreement (the *Hedge Settlement Agreement*) dated [•] 2024 submitted to the Clearing Manager under clause 14.2 of the Code.

Terms are used in this notice with the meanings given to them (if any) in the Hedge Settlement Agreement, unless defined above.

Party A hereby gives notice to the Clearing Manager that it is exercising its power under paragraph 8 of the letter titled 'Core Agreement: NZX Hedge Settlement Arrangements' dated [•], and as the duly appointed attorney of New Zealand Aluminium Smelters Limited (*Party B*) and gives notice of Party B's agreement to the adjustment of the fixed price and/or notional quantity for the calculation periods under the Hedge Settlement Agreement specified in Party A's notice to the Clearing Manager on [date].

**Signed** pursuant to a lawful power of attorney:

.....  
Authorised Attorney  
New Zealand Aluminium Smelters Limited

**Schedule 3**

**Form of Cancellation Notice pursuant to Paragraph 10**

[date]

[Clearing Manager details]

**Notice of cancellation of Hedge Settlement Agreement**

Meridian Energy Limited (*Party A*) and New Zealand Aluminium Smelters Limited (*Party B*) refer to the hedge settlement agreement (the *Hedge Settlement Agreement*) dated [•] 2024 submitted to the Clearing Manager under clause 14.2 of the Code.

Terms are used in this notice with the meanings given to them (if any) in the Hedge Settlement Agreement, unless defined above.

Party A and Party B hereby give the Clearing Manager notice that the Hedge Settlement Agreement will be cancelled with effect from [insert the date that the Transaction terminates or such later date as is agreed to by the Clearing Manager as soon as possible after the Transaction terminates] or [insert date that is 90 days after the date of the notice, if the Clearing Manager will not agree to an earlier date]\*.

**Signed** by or in the name of the parties pursuant to a lawful power of attorney:

.....  
Authorised signatory/Attorney  
New Zealand Aluminium Smelters Limited

.....  
Authorised signatory/Attorney  
Meridian Energy Limited

\* Delete as appropriate