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New Zealand Steel partners with Government in \$300M co-investment to shrink carbon footprint of Glenbrook steel mill

Renewably generated electricity and local scrap steel supply are core to the plan to almost halve New Zealand Steel's carbon emissions and secure the future of domestic steel making in New Zealand.

800,000 tonnes of carbon eliminated – equivalent to approximately 300,000 cars off the road or 1% of NZ's total emissions.

New Zealand Steel will build a new \$300M Electric Arc Furnace at its steelworks at Glenbrook within the next three years as part of the move to lower carbon production.

Chief Executive Robin Davies says the significant investment will reduce Glenbrook's carbon footprint by 800,000 tonnes from day one – the same as taking approximately 300,000 cars off the road permanently.

"That's a reduction of over 45% in New Zealand Steel's emissions – or a total of 1% of New Zealand's total annual emissions. It also sets the platform for further carbon reductions and is a significant step towards our goal of net zero by 2050.

"These reductions will come from replacing Glenbrook's existing oxygen steelmaking furnace and two of the four coal fuelled kilns.

"An electric arc furnace makes sense when there's enough affordable renewable energy and scrap steel available, a way to get that scrap steel to site, and the right policy settings. We'll firm up the details of the different aspects of the project over the coming months but crucially, New Zealand has all these essential enablers in place.

"A reliable supply of firmed renewable energy is critical to this initiative and we're delighted by the pioneering and creative partnership with Contact Energy to provide a competitive and innovative supply agreement. The electric arc furnace provides New Zealand Steel with significantly more production flexibility which means we can scale down production at times of peak demand or supply shortages.

Mr Davies says New Zealand Steel and the Government will jointly invest total capital and transition costs of around \$300M in this landmark partnership to shrink Glenbrook's carbon footprint.

“The Government will contribute up to \$140M through the Government Investment in Decarbonising Industry, or GIDI fund, administered by EECA, as a co-investment. This project would not happen otherwise. This is a bold breakthrough initiative by the Government – but it’s the right one, especially when you see the carbon reduction dividend that helps the country meet its global decarbonisation targets under the Paris Agreement.

New Zealand Steel will commit the additional \$160M, which includes the planned investment at Glenbrook to underpin the future of steelmaking in New Zealand. The immediate focus is to move at pace over coming months to confirm the remaining critical aspects of the new operation, including the relevant regulatory approvals.

“From our perspective, this is a necessary step to secure steelmaking in New Zealand for many years to come. I’m delighted to say this is a great example of business and Government working together to meet the country’s goal of net-zero emissions by 2050.

The Managing Director and CEO of New Zealand Steel’s parent company, BlueScope, Mr Mark Vassella attended the announcement with the Prime Minister and says the co-investment is a landmark deal that showed the power of well-constructed public/private partnerships or investments.

“New Zealand Steel and the Government should be very proud of their initiative and the hard work that has led to today’s announcement,” Mr Vassella says.

Mr Davies says: “Steel is infinitely recyclable and this model will make New Zealand as close to self-sufficient as possible using renewable energy to recycle domestic scrap steel, rather than shipping it offshore.

“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.

“This is a pragmatic response that not only sustains our critical domestic steel supply, but also provides a collaborative approach with government and industry to be world leaders in lower emissions steel.”

**For further
information about
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