



21 March 2023

Hon James Shaw
Climate Change Minister
james.shaw@parliament.govt.nz

Hon Megan Woods
Energy and Resources Minister
Megan.woods@parliament.govt.nz

Dear Ministers Woods & Shaw

Thank you for meeting with BlueScope's Chairman, CEO and me last week, and for your letter of 13 March advising Cabinet has agreed that, subject to successful completion of negotiations, the Crown could contribute up to \$140 million (plus GST) as a grant via the GIDI fund, towards New Zealand Steel's proposed investment in an electric arc furnace to massively decarbonise steel making in New Zealand.

The electric arc furnace project is an opportunity to fast track New Zealand's decarbonisation and make a considerable contribution to the country's path to net zero emissions by 2050. With an estimated 800,000 tonnes of carbon emission reductions annually, and potentially operational by 2026, the new EAF will go a long way to helping the country to meet its first carbon budgets.

We're very proud that your Government recognises this opportunity and grateful for your willingness to support it by partnering with us.

As foreshadowed, the BlueScope Board met on 15 March to discuss this investment. I am pleased to advise the Board has agreed to move formally into the feasibility stage – and that subject to successful conclusion and absent any significant issues we are confident we will proceed in the manner outlined to EECA.

We will endeavor to complete the feasibility stage by **Commercial Information**. Key deliverables are; firming up technology solutions and further development of capital cost estimates. Throughout this period, we also hope to secure an appropriate power contract, scrap supply arrangements and progress resource consenting requirements.

We will continue our negotiations with ECCA and liaise with your team on the timing and content of a public announcement and suggest an event at Glenbrook could be an ideal occasion to launch this partnership.

Finally, we will also submit to the select committee on the ETS settings, as you suggest.

Thank you once again and we look forward to working with you to fast track New Zealand's decarbonisation.

Yours sincerely,

Privacy of natural persons

Robin Davies
Chief Executive
New Zealand Steel