

# High power prices shutter European plants

Russia's Ukraine invasion has left metal refining scrambling for affordable energy

By Jax Jacobsen

Prices have increased substantially, both from Russia's invasion of Ukraine and its impact on gas deliveries to Europe as well as to extreme heat in the summer months.

In 2021, Russian gas powered 40% of all electricity demand in the EU.

As a result of spiking prices, mining and metals companies have needed to scale back operations.

Dutch zinc and lead miner Nyrstar said this week that it will place its Dutch smelter on care and maintenance.

The change will be implemented at the Budel smelter on Sept. 1. Nyrstar said that external factors impacting the business led to the decision, which will be kept under review.

The Budel smelter has the capacity to process 315,000 tonnes per annum of zinc, but has been running at reduced capacity since the December quarter 2021.

In May, the company said it had spent EUR 1.3 million to install two new compressors at Budel to make the smelter more energy-efficient and reduce its electricity bill.

In May, Nyrstar said it would replace a third compressed air compressor in 2023.

Other smelters operated by Nyrstar, including Balen in Belgium and Aubay in France, are operating at reduced capacity.

Nyrstar also reduced capacity at these smelters in December 2021, citing high power prices in the

Netherlands, Belgium, and France.

Nyrstar does not plan to lay off staff as a result of the care and maintenance announcement at Budel, the company said. Staff will focus on maintenance and training, as well as other essential activities.

Last month, Nyrstar said it would take over operations of the Stolberg multi-metals processing plant in Germany.

Nyrstar's European operations were intended to provide the Stolberg plant with feed material, Nyrstar chief executive Daniel Vanin said in July.

On Aug. 17, Norsk Hydro announced it was halting production at its Slovalco aluminium facility in Slovakia.

The shutdown will be complete by the end of September, Norsk Hydro said.

The Norwegian alumina producer also blamed high electricity prices, as well as "adverse framework conditions", for the decision.

Slovalco will continue to recycle aluminium, producing approximately 75,000 tonnes of recycled aluminium on a yearly basis. As of 2014, extrusion ingots accounted for 63% of its total production, with the other 37% consisting of foundry alloys incorporating a small amount of silicon or other metals.

"Slovakia has not implemented the competitive EU CO2 compensation framework," Ola Sæter, who heads Hydro's primary production, said.

Slovakia's failure to implement the framework has prevented the country from signing long-term power contracts. The facility's current power contract was due to expire at the end of the year.

Slovalco would incur "substantial financial losses" if it continued to operate beyond 2022 in this high-price environment, Sæter said.

Slovalco had been producing below capacity since late 2021 which continued into early 2022, Norsk Hydro said.

In late 2021, it cut back to produce 40% of its annual capacity of 175,000 tonnes. Currently, it is operating at 60% capacity.

Primary production lines can restart should power prices improve, Norsk Hydro said.

The shutdown process will begin shortly, the company said.

Some 300 of Slovalco's employees will be affected by the shutdown, according to Norsk Hydro. The company said it would assist these employees.

Slovalco is 55.3% owned by Hydro and 44.7% owned by Penta Investments Group, a Bratislava-based investment holding.

In September, industry association Eurometaux told EU Commission President Ursula von der Leyen in a letter that high power costs could cause the permanent closure of metal producing plants in the region, Reuters reported.

The industry association described the energy crisis as an "existential threat to the future of Europe's metal smelters." ♥

**"The energy crisis is an 'existential threat'"**



Reno, Nevada USA

Since 1972  
KCA Kappes, Cassidy & Associates

[www.kcareno.com](http://www.kcareno.com)

775-972-7575



PROVIDING EXTRACTIVE METALLURGICAL SERVICES TO THE MINING INDUSTRY