From: Dikstaal, Mike (RTA NZAS) [mailto:Mike.Dikstaal@riotinto.com]
Sent: Tuesday, 1 October 2019 10:32 AM
To: Submissions Mailbox
Subject: "Consultation Paper – Transmission pricing methodology: 2019 Issues Paper"

Good morning,

This is a submission to the EA regarding the proposal to the TPM guidelines.

Things I agree with:

- I support reform of the TPM and agree that this is an urgent matter
- It is logical that consumers should pay for transmission assets that they benefit from and not those they do not.
  - It is clear that consumers in the South island have been overcharged for transmission assets which they do not benefit from. Not only have we solely paid 100% for the HVDC/HVAC costs, but also disproportionate amounts of the transmission upgrades in the upper North Island.

Things I disagree with:

- I disagree with the way the residuals have been allocated. Basically anything that can't be fully identified as a 'benefit' to a particular consumer is then lumped together and spread out among all consumers proportionate to their load consumption. This requires large Load consumers like Tiwai Smelter to pay for significant amounts of transmission assets of which they still don't benefit from. More work should be done to allocate those costs to the actual beneficiaries.
- The slight relief of this new proposal has no set date that I can clearly see. It is pencilled in for 2022, but ive also been told that by EA's estimate, consumers won't see any differences until atleast 2024. This is not fast enough.
- Additionally, the price 3.5% price cap offers no support to those consumers who have been supremely overcharged for the last decade (completely unchecked) with the current TPM. For example Tiwai point has seen annual increases in Transmission costs between $3mill - $30mill per annum since 2008. Why should we now support a clause to stop significant price hikes for other consumers, when no one was there to support us? Not only that, for the price cap to be successful, Tiwai actually has to ***pay*** $1mill per annum to soften the blow for users who haven't paid their share in the past decade.
- This proposal is dragging out a reform for no reason. Apparently nothing is going to change till 2022-2024. On top of that, the price cap is effective for 5 years (2027-2029)- This is too late. There is even a case study in your proposal that suggests Tiwai is a bit of an enigma in your calculations because our power contract runs out in 2030, so who knows if we will still be operating past that date? How this proposal reads is that the reform is going to drag out as long as possible to better understand the climate, as what's the point of offering Tiwai an $11million reprieve if they aren't even around to take it.
- Simply put- too little too late. This reform needs to be actioned quicker and do more work surrounding the residual cost allocation and price cap.

Thank you for offering the opportunity to have our say,

Much Appreciated

Regards,

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