

-----Original Message-----

From: Matt Furness [mailto:matt@comtec.co.nz]

Sent: Friday, 27 September 2019 4:49 PM

To: Submissions Mailbox

Subject: Consultation Paper-Transmission Pricing Methodology 2019 Issues Paper

The New Zealand Aluminium Smelter was built because of the foresight of our politicians in the 1960's.

We, the people of New Zealand, paid for the Manapouri Power Station and the transmission lines to feed electricity to this new venture.

This arrangement has worked successfully for decades with the occasional modification required to keep both parties satisfied with the arrangement.

Now I discover that the Aluminium Smelter is currently paying about \$60 million each year to maintain the distribution part of the electricity supply we agreed to supply them with all those years ago.

The current value of the distribution system is of the order of \$70 million.

It does not require a particularly sound grasp of mathematics or economics to come to the conclusion that paying \$60 million each year to maintain an asset that is worth \$70 million is completely unreasonable. Any calculations, modelling or reasoning that produces such an outcome is completely disconnected from financial reality.

The matter is easily resolved provided the vision remains as clear as the vision of the politicians who created the business in the first place.

The Manapouri power station and the transmission lines to transport the power to the Aluminium Smelter are intrinsically linked to the Aluminium Smelter by virtue of the original agreement to create the Aluminium Smelter at Tiwai Point.

In the spirit of this agreement the charges for maintenance of this dedicated transmission system should reflect the costs of running this dedicated transmission system.

Any other solution is contrary to the spirit of the original agreement and cannot be based on reason and logic, but rather a desire to extract funding from this unique arrangement for the benefit of third parties.

Yours Faithfully

Matt Furness