

**From:** Wallace, Andree (RTA NZAS) [mailto:Andree.Wallace@riotinto.com]  
**Sent:** Friday, 27 September 2019 2:52 PM  
**To:** Submissions Mailbox  
**Subject:** Consultation Paper-Transmission Pricing Methodology: 2019 Issues Paper

Dear Sir/Madam,

I support reform of the transmission pricing methodology (TPM) and agree that reform is necessary.

I believe consumers should pay for the transmission assets they benefit from and not pay for those they do not benefit from. A specific example is the South Island electricity consumers paying an electricity price that subsidises the cost of transmission upgrades in the North Island, which is only of benefit for North Island users.

South Island electricity users have been over paying for transmission assets for more than a decade- the proposed reforms do not offer enough of a reduction in the transmission price to correct the financial imbalance imposed on South Island consumers relative to North Island consumers.

For the Tiwai Aluminium smelter the contribution to the price cap to decrease the gradient of the price increases for other consumers (who face price increases for benefits based asset prices) is greater than \$1 million per annum. Since 2008, the Tiwai Aluminium smelter transmission price (money used to upgrade assets that do not benefit their business or the South Island) has increased between three to \$30 million dollars/annum and there was no price cap to decrease the gradient of the price increases. In 2014, the transmission price paid by the Tiwai Aluminium smelter was \$72 million, which is the asset value of the transmission line paid in one year.

The proposed transmission pricing methodology reform is not enough of a change to the transmission pricing methodology in the necessary period to improve the financial viability of the businesses and consumers who have been grossly overpaying to subsidise assets that are of no benefit to their business or even the region they are in.

Yours sincerely,

Andree Wallace



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