

Electricity Authority
James Stevenson-Wallace
Chief Executive

Date –
22 December 2021

Via email to: reviewconsultation2021@ea.govt.nz

RE: Market monitoring review of structure, conduct and performance in the wholesale electricity market

Rio Tinto welcomes the opportunity to make comments regarding the Market Monitoring Review of Structure, Conduct and Performance in the Wholesale Electricity Market since the Pohokura Outage in 2018.

Without the opportunity for full consultation or input, our factual view does not support all the findings or recommendation of the Report.

It is also our view that with its natural competitive advantages the New Zealand electricity sector has a strong opportunity to become more resilient and to support more economic development and employment. New Zealand has the ability to not only achieve an even higher domestic rate of renewable electricity generation, but to become an exporter of green energy and a manufacturer of more low carbon goods.

A system which can support a large scale producer of some of the lowest carbon aluminium in the world while providing over one thousand jobs in its local economy and spending nearly half a billion dollars in the national economy, is, in our view a good system. We note this while acknowledging other large users who are more exposed to prices in the wholesale market are finding that current conditions present ongoing challenges to their commercial viability. Our aluminium smelter in Invercargill also faces similar challenges when commodity price cycles are low.

Sustained and growing demand is essential for a well-functioning market and is critical to support investment in developing new renewable generation. We would support a widening of focus to look at system-wide mechanisms to support the right balance to drive investment in new renewable generation.

We also acknowledge the security of supply challenges presented by dry year shortages in the system and the pressure this puts on all consumers. Rio Tinto is interested in exploring how it can support security of supply via demand response mechanisms.

With careful planning and the right arrangements, the aluminium smelter at Tiwai can be a significant contributor to dry year security of supply, and also play a significant role on the demand side, with other emerging industries, to attract further generation capacity. This is something we would welcome the opportunity to discuss further.

Thank you for this opportunity to comment and we look forward to discussing how NZAS could be part of a stronger more resilient electricity system.

Kindest regards

A handwritten signature in black ink, consisting of several overlapping loops and a long horizontal stroke at the bottom.

Alfie Grigg
GM Energy & Joint Ventures Pacific Operations
Chairman of NZAS Board