

From: Robert Boekhout [mailto:Robert.Boekhout@blueriverdairy.co.nz]
Sent: Friday, 27 September 2019 2:33 PM
To: Submissions Mailbox
Subject: Consultation Paper – Transmission pricing methodology: 2019 Issues Paper

Good afternoon,

Quite simply, there MUST be a fair mechanism for calculating transfer pricing. We here in the deep South of Invercargill operate businesses that prosper all of NZ and pay higher prices for a lot of our services already due to geographical location (Isolation). We SHOULD NOT have to pay transfer prices equivalent of other Northern regions or subsidise them more than we already do in taxes for roading, health etc.

If investment in local infrastructure is done, I agree we may need to pay for this. However, investment is not happening in our region and only in the far north – why should it be fair that we increase our cost or share of transmission for this? Our cost of freight, goods etc are already higher and if we need to subsidise the other northern regions its just another factor that increases our COGS and makes it harder for businesses to survive in regional NZ.

As a business, we have just invested massively in 100% electrical energy for our site (previous LPG) and changing to electric water heating and cooling and also built a new plant which needed new transformers and switch gear – we paid for this which we feel is fair. I realise this is specific infrastructure for us; However our operational costs in lines transmission charges should not also pay for transmission infrastructure in Northern regions – that's THEIR cost of business in THEIR region.

In Southland our climate is cooler. We already use more electricity for heating and hot water + lighting in winter than average NZ and you choose to make it harder for us through the current mechanism of lines charges. This cooler climate generates the resources for electricity generation and thus this should be a blessing for us to enjoy far cheaper transmission lines charges.

The timing for change is NOW. Don't wait 5 years as in 5 years there may be no businesses or residential population left in Southland as they have become uncompetitive due to mechanisms that are incorrect TODAY. We are all trying to make Southland attractive not discourage people from living or building businesses here – we feel its your responsibility to be supportive of this.

Please look at this in a pragmatic and fair way. If you wish to further discuss, contact me

Kind Regards,

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