

# The Treasury

## New Zealand Aluminium Smelters (NZAS) Information Release

September 2013

### Release Document

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In preparing this Information Release, the Treasury has considered the public interest considerations in section 9(1) of the Official Information Act.

**From:** Juston Anderson  
**Sent:** Thursday, 6 December 2012 11:31 a.m.  
**To:** ^AssocMoF: [4]  
**Cc:** ^MOF: Andrew Craig; @CTG Project 14  
**Subject:** RE: Rio Tinto Alcan NZ plays godfather: nice aluminium smelter you got, be a shame if something happened to it. | Hot Topic

Hi [4]

You were asking about the validity of the numbers in the blog post that Mark Binns forwarded, in particular the figure quoted for the price NZAS paid for electricity (5.03 cents/kWh).

The source of this figure is the New Zealand Energy Data File on the MED website at:

<http://www.med.govt.nz/sectors-industries/energy/energy-modelling/publications/energy-data-file/new-zealand-energy-data-file-2012>

Specifically table G.6a on page 121. The data is for the year ending March 2011.

The table shows electricity consumption and cost for various Australian and New Zealand Standard Industrial Classification (ANZSIC) codes. The relevant code is for "Basic Non-Ferrous Metals", which according to MED used 5,311 GWh of electricity in the year ending March 2011. The vast bulk of this, if not all of it, would be electricity consumed by the NZ Aluminium Smelter.

According to table G6a, "Basic Non-Ferrous Metals" producers paid \$228.4m for energy and \$38.6m for lines. This works out to be 4.301c/kWh for energy and 0.727c/kWh for lines, giving a total price paid for electricity of 5.028c/kWh.

[2] the source of the \$228.4m figure. It's not clear where this came from. Presumably it is an estimate based on publicly available information.

[2,5,7]

Note that the "pulp and paper" and "steel and iron" ANZSIC codes similarly pay low prices for electricity, in the 6-7 c/kWh range according to the Energy Data File, which is not surprising as they are the other industries which use very large quantities of baseload electricity.

Also it's worth noting that the price NZAS pays will have increased since March 2011 and will increase further under the new contract which takes effect in three and a half weeks.

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

From: John Crawford  
Sent: Thursday, 6 December 2012 10:09 a.m.  
To: @CTG Project 14  
Cc: ^AssocMoF:[4]                    ^MOF: Andrew Craig  
Subject: FW: Rio Tinto Alcan NZ plays godfather: nice aluminium smelter you got, be a shame if something happened to it. | Hot Topic

Interesting view

John Crawford | Deputy Secretary, Commercial Transactions | The Treasury  
Tel: +64 4 917 6251 | Mobl<sup>[1]</sup> | [John.Crawford@treasury.govt.nz](mailto:John.Crawford@treasury.govt.nz)

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

From: Mark Binns [<mailto:Mark.Binns@MeridianEnergy.co.nz>]  
Sent: Thursday, 6 December 2012 9:14 a.m.  
To: John Crawford; Andrew Blazey; ^AssocMoF: [4]  
Subject: Rio Tinto Alcan NZ plays godfather: nice aluminium smelter you got, be a shame if something happened to it. | Hot Topic

[http://sciblogs.co.nz/hot-topic/2012/09/11/rio-tinto-alcan-nz-plays-godfather-nice-aluminium-smelter-you-got-be-a-shame-if-something-happened-to](http://sciblogs.co.nz/hot-topic/2012/09/11/rio-tinto-alcan-nz-plays-godfather-nice-aluminium-smelter-you-got-be-a-shame-if-something-happened-to-it/)

-it/

I have just read this. [2,5,7]

M  
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