

12 March 2025

ALENZ views in response to the Commerce Commission's open letter on Gas DPP4 2026.

About ALENZ and the Aluminium Industry in New Zealand

The Aluminium Extruders of New Zealand (ALENZ) is made up of the four independent businesses that account for almost 90% of aluminium extruded products manufactured in New Zealand.

New Zealand aluminium extrusions provide low carbon, added-value manufacturing in New Zealand supplying tailored solutions for building & construction, transport and marine sectors. Our members supply local manufacturing of residential windows, commercial building facades along with truck bodies for our transport sector and structural materials for our marine industry.

As local manufacturers our members compete with imported products "like those manufactured in New Zealand". Imports currently comprise approximately 20% of the New Zealand market place. Energy cost increases and future uncertainty of energy supply has significant negative impact on our competitiveness and also on our downstream customers in marine, transport and construction sectors who compete with imports of full fabricated assemblies.

- ALENZ views in response to the Commerce Commission's open letter on Gas DPP4 2026.

- Our members are significant gas users.

Three years ago gas costs were about 8% of direct manufactured costs.

In the past three years total gas costs for our members have risen between 51.8% and 60%.

Fixed daily charges have increased 197% above 2022 levels.

These cost increases significantly undermine the international competitiveness of New Zealand manufacturing.

Given the significant recent costs increases ALENZ would suggest that the current Commerce Commission price revision processes have been inadequate.

With respect to quality outcomes. Your letter acknowledges the current issue of security of supply -

"significant uncertainty about the pace of this change and the overall extent of decline of gas volumes and customer numbers"

As a result of price increases and uncertainty re future gas availability ALENZ members are looking to transition to electricity. However switching costs are significant and there are no "quick fix" solutions. Transition will take from 2- 10 years depending upon the business.

We suggest that in the proposed future revision that the Commerce Commission proceeds with caution to tightly limit the proposed **DPP4 2026 price-quality path reset** to enable local manufacturing to compete with imports and to transition over the next decade without undermining our international competitiveness.

ALENZ members welcome the opportunity to contribute as the Commerce Commission proceeds through the price reset process.

A handwritten signature in blue ink that reads "Nick Collins". The signature is written in a cursive style and is underlined with a horizontal line.

Nick Collins
Chairman

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