

6 October 2022

Matthew Clark
Commerce Commission
Wellington

Via email regulation.branch@comcom.govt.nz

Tēnā koutou,

Transpower's proposal reflects the reality of many network companies supporting decarbonisation: conservative plans made some time ago are not reflective of near-term needs, and definitely not future needs. Powerco is one of Aotearoa's largest gas and electricity distributors, supplying around 340,000 (electricity) and 112,000 (gas) urban and rural homes and businesses in the North Island. These energy networks provide essential services and will be core to Aotearoa achieving a net-zero economy in 2050. We're interested in the Commission's assessment of Transpower's re-opener proposal because a similar mechanism may be needed in the future for networks like Powerco to meet customer expectations.

We support the Commission's assessment of the four proposals it has approved. A characteristic of several of the proposals is the interplay between maximising the use of the network (by the System Operator) and providing the network infrastructure (Transpower). It reflects an important dynamic between the two roles that we envisage will be crucial for distribution networks too as they evolve.

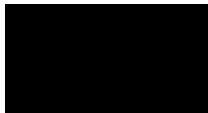
We suggest the Commission reconsider its view on the one project it has not approved: the Otahuhu-Whakamaru C Installation of Variable Line Ratings project. That project is not approved due to "... the likely continued availability of the Huntly Rankine units" over the remainder of Transpower's regulatory period. There is an important distinction to make between commissioning status and availability. Transpower's Annual Planning report picks up this distinction by talking about Huntly units in the context of "availability", "operating"¹, or "out of service". These all amount to the same thing – even if the units are commissioned, it is possible that they won't be operating at the time of the other system conditions which could lead to a constraint (low Waikato generation and high WUNI demand). And in that scenario, having variable line ratings should provide some benefit. The Commission's decision implies this scenario will not occur – probability zero. We suggest this view should be checked against the potential consumer benefit if it could or does occur. If so, we support the project being approved so it can be delivered ahead of a "when not if" need. Otherwise it'll be too late.

If you have any questions regarding this submission or would like to talk further on the points we have raised above, please contact me at [REDACTED]

¹ See for example the system condition test assumptions on page 56 of the 2021 report.



Nāku noa, nā,



Andrew Kerr

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POWERCO