

30 August 2023

John Clarke  
General Manager Grid Development  
Transpower New Zealand Limited  
22 Boulcott Street  
Wellington 6140

Dear John

**Matters relating to Second short list consultation to support Net-Zero Grid Pathways Phase 1 Major Capex Proposal (Stage 1)**

We refer to our discussions and your letter of 27 July 2023 notifying us that an external review of the models had identified material error in how the costs were included in the investment test for stage one of Transpower New Zealand Limited's (**Transpower**) proposed Net Zero Grid Pathways staged major capex project (**NZGP1.1**). The letter set out your intention to reconsult and a submit a revised proposal for NZGP1.1.

This reconsultation process impacts on the previous timeframe for NZGP1.1 under clause 3.3.1(3)(d) of the *Transpower Capital Expenditure Methodology Determination 2012 (Capex IM)*.

As noted below, we have agreed to a consultation of three weeks to allow time to provide stakeholders with sufficient time to consider your revised proposal and provide feedback. We expect that, where appropriate, Transpower will take a constructive view to considering any reasonable requests to submit outside that timeframe (and prior to submission to the Commerce Commission) given the circumstances of this additional consultation.

We have decided on following timeline to reach our final decision on NZGP1.1:

Revised timeline for agreement under clause 3.3.1(3) of the Capex IM

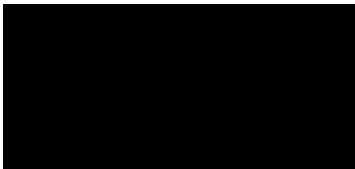
Process step	Timing
<b>Transpower consult on its "updated preferred option"</b>	16 August to 6 September
<b>Transpower resubmit major capex proposal for first staging project to Commission</b>	18 September 2023

<b>Commission publishes and consults on draft decision on major capex proposal for first staging project</b>	November - December 2023
<b>Commission publishes final decision on major capex proposal for first staging project</b>	February 2024

While you have indicated your intention to resubmit one week after your consultation closes, we have allowed additional time in the above timeline to allow adequate time to consider feedback you receive on your consultation. I note that this does not preclude you from submitting the revised proposal earlier. Similarly, our indicative dates for consultation on the draft decision and our final decision may change depending on the scope of Transpower's revised proposal.

We will update our website with these dates.

Yours sincerely



Dane Gunnell  
Head of Price Quality Regulation