



Commerce Commission PD37-1 Submission

Date	17 th July 2014
Subject	PD37-1 New Plymouth GXP Site Re Development
To:	Dave Boyle, Paolo Ryan – Commerce Commission
From:	Bill Edie – Port Taranaki Property and Infrastructure Manager

Background

Port Taranaki purchased the New Plymouth GXP site off Contact Energy and no longer require generation injection capacity.

Port Taranaki owns the buildings Transpower equipment is housed within and the land on which it is sited yet derives no commercial return from these assets.

Port Taranaki also owns the service tunnels, buildings and associated services required to maintain operations at the GXP yet Port Taranaki is not financially incentivised to maintain these facilities and buildings hence they will continue to deteriorate without ongoing investment.

Ownership of electrical assets on site is mixed between Transpower and Port Taranaki creating operating dependencies which are sub optimal arrangements for both parties.

Port Taranaki is a key stakeholder in any development plans and fully supports Transpower's PD37-1 submission to develop facilities off site.

Given Port Taranaki is owned by the Taranaki Regional Council any re development of the site to Port Taranaki's benefit will also benefit the Taranaki Community.

Comments on PD37-1

Port Taranaki supports the relocation of the interconnecting transformer to Stratford and creation of a "bridge" between the 110kV and 220kV circuits on land owned by Port Taranaki as a way of enabling eventual removal of all Transpower substation assets from site.

Port Taranaki does not believe broad Option 2 (Stay at NPL on Port Taranaki land) is a viable long term solution given the intention to derive a commercial return from the land and buildings would further compel the business case to a complete site exit.

Equally Options 2-a and 2-b are not viable options as there is no additional real estate available on site to accommodate a new interconnector transformer whilst the original unit remains in situ.

In these options Transpower would need to make provisions off-site, ie. Stratford, for locating new interconnecting transformers.

Port Taranaki believe the rent costs shown in the table for Net Benefits and Outputs are low for the options which remain on site given current market rates for commercial rentals in the area.



Port Taranaki owns the two local service transformers which currently supply the GXP. Port Taranaki intends to decommission these units as they are overkill for its requirements with only a conventional 11kV local supply transformer being necessary. These are in poor condition, and Port Taranaki will not replace or repair these if they were to fail.

PD37-1 does not currently recognise the costs to install an alternative electrical supply and consideration of these additional costs will further support findings to exit the site completely.

Operational Risks

It is Port Taranaki's intention to lease the site to a commercial tenant for uses such as bulk fertiliser storage along with materials handling facilities which will not co-exist well with the GXP.

The current mixed occupation results in a less than ideal operational environment given poor site security and the need to coordinate major activities on site between parties restricting operations.

Once the interior of the turbine hall is fully demolished heavy traffic operations for materials delivery are likely to commence shortly thereafter and continue through tenant occupation.

Transpower transformers located in "transformer alley" will then be exposed to heavy truck and trailer movements.

Although Port Taranaki is willing to take reasonable steps to mitigate any risk of damage to Transpower equipment, the continual exposure to heavy traffic and handling facilities could potentially result in accidental damage to Transpower equipment.

Port Taranaki owns the oil containment and stormwater pumping facilities on site however has no commercial interest in maintaining them, further supporting the PD3701 business case to exit the site.

Economic Benefits

Relocating electrical assets off site to a secure location will enable development of the site to the benefit of Port Taranaki operations which has a flow on effect to the economic development and well being of the Taranaki region.

Regional economic benefits are not considered in the context of PD37-1 and whilst it is difficult to quantify, is an important consideration to be noted.

Summary

Port Taranaki supports PD37-1 in concept and the withdrawal of the Transpower New Plymouth GXP from site to an alternative location on a faster timeline than that alluded to in PD37-1.

Port Taranaki will assist by providing land and support to build a circuit "bridge" on Port Taranaki land adjacent to the existing 110kV building to expedite Transpower's withdrawal.

Port Taranaki believe PD37-1 does not accurately recognize the true costs of remaining on site given additional building maintenance and reinstatement costs that Transpower will incur if it remains on site which will add further weight to PD37-1 recommendations.