

24 April 2024

Stephen J Jones
Grid Investment Group Manager
Transpower New Zealand Limited
22 Boulcott Street
Wellington 6140

Dear Stephen,

Re: Matters to agree in relation to Waikato regional interconnection capacity major capex project

Thank you for your *Notice of intention to plan the Waikato regional interconnection capacity major capex project* letter of 26 February 2024 proposed by Transpower New Zealand Limited (**Transpower**).

We appreciate the helpful context provided on Transpower's proposed Waikato regional interconnection capacity major capex project (**Waikato RIC MCP**), particularly in respect of the following matters we need to agree for the NZGP under clause 3.3.1(3) of *the Transpower Capital Expenditure Methodology Determination 2012 (Capex IM)*:

- (a) a consultation programme for a transmission investment or non-transmission solution, in accordance with clause 8.1.3;
- (b) an approach to ensure appropriate consideration of non-transmission solutions to meet the investment need giving rise to the major capex project in accordance with clause 8.1.3;
- (c) an application submission date; and
- (d) an approval timeframe.

We are comfortable with what Transpower has proposed in your letter, including the investment need and your proposed approach to considering non-transmission solutions.

The table below sets out our views on the matters we must agree with Transpower, as required by clause 3.3.1(3) of the Capex IM.

Matters for agreement with Transpower under clause 3.3.1(3) of the Capex IM

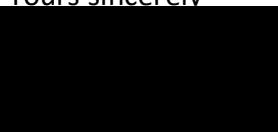
Process step	Timing
Long-list consultation – publish As part of the long list consultation, Transpower will also seek interested persons’ views on potential non-transmission solutions (NTS). Transpower will provide respondents with eight weeks to respond on the potential for non-transmission solutions. Depending on interested persons’ responses, Transpower may undertake further engagement. Transpower will inform the Commerce Commission of any need to adjust its consultation programme to ensure the consideration of non-transmission solutions is robust during Transpower’s investigation.	April 2024 – May 2024
Short-list consultation	December 2024 (assuming no non transmission solution RFP)
Short-list consultation	May 2025 (Assuming non transmission solution RFP)
Transpower submit major capex proposal to Commission	July 2025
Commission publishes and consults on draft decision on major capex proposal	November 2025
Commission publishes final decision on major capex proposal	March 2026

We have based our approval timeframe on past major capex projects and the expected work programme during this period. We will be better placed to refine the timeframe, if necessary, when Transpower submits its proposal.

We would appreciate you keeping us informed on the outcome of the non-transmission consultation and any implications that outcome will have for the proposal’s submission.

Please let me know if you have any queries on this letter. Otherwise, please confirm that you agree to the matters specified above in accordance with clause 3.3.1(3).

Yours sincerely



Matthew Clark
Manager, Transpower and Gas