

13 August 2021

Stephen J Jones
Strategic Asset Manager
Transpower New Zealand Limited
22 Boulcott Street
Wellington 6140

Dear Stephen,

Re: Matters to agree in relation to NZGP1 major capex project (staged)

Thank you for your *Notice of intention to plan NZGP1 major capex project (staged)* letter of 23 July 2021, and for your follow-up correspondence *Matters to agree in relation to NZGP1 major capex project (staged)* on 29 July 2021.

We appreciate the helpful context provided in both letters on Transpower New Zealand Limited's (**Transpower**) proposed Net Zero Grid Pathways staged major capex project (**NZGP**), 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.

As recently discussed, we are comfortable with what Transpower has proposed, except that we would prefer to extend the approval timeframe for our final decision on the NZGP's first staging project from April 2023 to July 2023. This reflects our view on the time we will need to evaluate a staging project of this likely complexity and scale, based on previous experience. We understand you are comfortable with this extended timeframe, noting we still intend to make and publish our draft decision by April 2023.

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. Given the change to the approval timeframe proposed by Transpower, we ask that you please respond to us by letter indicating whether you agree with the matters below.

If you agree with the position on these matters, we propose to publish on our website this letter and your letter response to it, as required under clause 3.3.1(6) 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 As part of the long list consultation, Transpower will also seek interested persons' views on potential non-transmission solutions in the form of a request for information.	20 August 2021 – 1 October 2021
Short-list consultation	April 2022 – June 2022
Transpower submit major capex proposal for first staging project to Commission	October 2022
Commission publishes and consults on draft decision on major capex proposal for first staging project	April – June 2023
Commission publishes final decision on major capex proposal for first staging project	July 2023

Please let me know if you have any queries on this letter.

Yours sincerely

Matthew Clark
 Manager – Price-Quality Regulation