



22 January 2021

Mr Matthew Clark
Acting Manager Regulation Development
Part 4 Branch
Commerce Commission
44 The Terrace
WELLINGTON 6011

By email: regulation.branch@comcom.govt.nz

Dear Matthew

Cross submission: Bombay-Otahuhu Regional Major Capex Project

Counties Power provides the following cross submission on the Bombay-Otahuhu Regional Major Capex Project (MCP), having considered the overall impact on our consumers, the concerns Vector has raised and the intent of the proposal from Transpower.

Counties Power agrees with Vector's submission statement that "We strongly encourage the Commission to have full regard to stakeholder feedback on Transpower MCPs". Under the proposal, Counties Power consumers will be charged by Transpower for most of the costs imposed by the Bombay-Otahuhu MCP with no improvement in reliability for Counties Power. This is in contrast to the Company's commitment to always provide reliability and to manage costs for our consumers. This year, Counties Power will increase our lines prices to our consumers for the first time in six years, as we have continually made decisions to improve our network, both in terms of reliability and capacity, while managing the impact on our consumers.

The proposed MCP has the greatest impact on Counties Power, and therefore our consumers, for the following reasons:

1. Counties Power is the only EDB connected to Transpower's Bombay substation¹, which is the focus of the capex investment;
2. Counties Power will bear nearly all the future increase in Transpower charges resulting from the project because the Bombay substation upgrade costs will be charged to Counties Power via Transpower's standard connection charges once the 110kV transmission lines are decommissioned. Transpower has been upfront with Counties Power about this charge since the project was first investigated;

¹ There are also no major industrial customers directly connected to the Bombay GXP.

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3. The Bombay substation is Counties Power's primary GXP supplying approximately 80% of Counties Power's customers; and
4. The Bombay-Otahuhu MCP is being driven by transmission requirements, while requiring the costs to be recovered from Counties Power's consumers. This said, Counties Power acknowledges that the proposal will enable future growth in the southern rural Auckland region, which is New Zealand's fastest growing region as a result of Auckland's rapid southern urban expansion.

Overall Counties Power does support the major capex outputs of procuring, installing and commissioning two 150/175 transformers and procuring, installing and commissioning these transformers to the 220kV Huntly-Otahuhu A line. However, the costs should not be recovered from Counties Power consumers until such time that the upgrade was required by Counties Power because of a lack of capacity from the existing 110kV connection.

Counties Power also supports the concerns raised by Vector with regard to the decommissioning of the Bombay to Wiri/Otahuhu line and believes the nature of the concerns raised, especially the potential risk to service if an unprecedented (but growingly common) event were to impact customers on Vector's southern network, and as such, further engagement and investigation is required.

Furthermore, Counties Power believes that Transpower should protect existing urban transmission corridors given that it will be almost impossible to obtain future overhead urban transmission corridors and there is limited existing transmission capacity. This is particularly true for South Auckland, which is one of the fastest growing areas in the country. Added to this is the electricity demand impact from decarbonisation, with Transpower stating "electricity demand is likely to more than double from ~40 terawatt hours (TWh) per annum today to ~90 TWh by 2050"².

Consequently, Counties Power considers that Transpower should not prematurely decommission the 110kV Bombay to Wiri/Otahuhu line. As the marginal cost of maintaining the line is low there is little cost in delaying this decision. Therefore, it would be prudent to require Transpower to undertake further consultation on the decommissioning of the Bombay to Wiri/Otahuhu 110kV line and for this to be separated out from the Bombay-Otahuhu MCP.

Counties Power would be happy to discuss further the contents of this submission.

Yours sincerely



Andrew Toop
General Manager Commercial

² Transpower publication 'Te Mauri Hiko – Energy Futures'.