

6 July 2023

Stephen J Jones  
System Planning & Investment Manager  
Transpower New Zealand Limited  
22 Boulcott Street  
Wellington 6140

Dear Stephen,

**Re: Matters to agree in relation to Western Bay of Plenty regional major capex project**

Thank you for your *Notice of intention to plan the Western Bay of Plenty regional major capex project* letter of 29 March 2023 and email of 6 June 2023 amending the consultation programme proposed by Transpower New Zealand Limited (**Transpower**).

We appreciate the helpful context provided on Transpower's proposed Western Bay of Plenty staged major capex project (**Western BOP 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, including your proposed approach to considering non-transmission solutions and the revised investment need proposed in the email of 6 June 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.

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

Process step	Timing
<p><b>Long-list consultation</b></p> <p>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. 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.</p>	July 2023 – September 2023
<p><b>Short-list consultation</b></p>	June 2024 – July 2024
<p><b>Transpower submit major capex proposal for first staging project(s) to Commission</b></p>	September 2024
<p><b>Commission publishes and consults on draft decision on major capex proposal for first staging project</b></p>	February – March 2025
<p><b>Commission publishes final decision on major capex proposal for first staging project</b></p>	May 2025

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

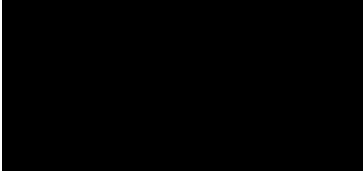
#### Staging of the Western BOP MCP

Clause 3.3.1(2)(a) of the Capex IM requires Transpower to include all the proposed staging projects being planned in its notice of intention. You have noted that until you have completed your initial investigation, you cannot specify definitively what the staging projects will be.

We are comfortable with your proposed approach to specifying the staging projects. However, we would appreciate Transpower updating us on the specific staging projects following the completion of investigations so that we can assess the appropriateness of Transpower's proposed staging approach.

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



Dane Gunnell  
Head of Price Quality Regulation