



# MAJOR ELECTRICITY USERS' GROUP

16 April 2014

Regulation Branch  
Commerce Commission

By email to [regulation.branch@comcom.govt.nz](mailto:regulation.branch@comcom.govt.nz)

Dear Madam or Sir

## **Submission on Bunnythorpe-Haywards Lines A and B investment proposal**

1. This is a submission by the Major Electricity Users' Group (MEUG) on the Commerce Commission draft decision and reasons paper<sup>1</sup>, "Assessing Transpower's Bunnythorpe-Haywards Lines A and B major capex proposal" dated 27<sup>th</sup> March 2014. Members of MEUG have been consulted in the preparation of this submission. This submission is not confidential.
2. We are concerned with the observation in the paper that<sup>2</sup> "The demand forecast used for this proposal is higher than the current proposal". MEUG accepts that assessment by the Commission notwithstanding MEUG's submission<sup>3</sup> to Transpower of 18<sup>th</sup> October 2013 where we agreed with Transpower's proposed demand forecast. Transpower's application may have followed the rules by not adopting MBIE's latest draft demand forecast but questionable if that's Good Electricity Industry Practice or, if Transpower were in a competitive environment, commercially prudent. This is a crucial issue because with a change in demand forecasts, everything else being equal<sup>4</sup>, the best option is Zebra at 65°C not Zebra at 75°C as proposed. There is a material cost difference of<sup>5</sup> \$10.5m between these two options.
3. We hope Transpower consider favourably the Commission's suggested improvements for this project and future Major Capital Project's listed in paragraph 3.26 and explained later in the paper.

---

<sup>1</sup> Document URL <http://www.comcom.govt.nz/dmsdocument/11691> at <http://www.comcom.govt.nz/regulated-industries/electricity/electricity-transmission/transpower-major-capital-proposal/bunnythorpe-haywards-a-and-b-lines-conductor-replacement-investment-proposal/>

<sup>2</sup> Refer paragraph 3.25.3, paragraphs 3.32 to 3.34 and first row of table C11

<sup>3</sup> Document URL

[https://www.transpower.co.nz/sites/default/files/uncontrolled\\_docs/MEUG%20Submission%20Bunnythorpe-Haywards%20Conductor%20Replacement%2C%2018-Oct-13.pdf](https://www.transpower.co.nz/sites/default/files/uncontrolled_docs/MEUG%20Submission%20Bunnythorpe-Haywards%20Conductor%20Replacement%2C%2018-Oct-13.pdf) at <https://www.transpower.co.nz/projects/bunnythorpe-haywards-and-b-transmission-line-investigation/bunnythorpe-haywards-and-b-0>

<sup>4</sup> That is if the base case demand forecast were changed to the draft MBIE forecast and sensitivities listed in table C11 tested; then Zebra at 65°C not Zebra at 75°C would consistently be preferred.

<sup>5</sup> Refer table C4, p56, P50 capital costs

Level 1, 93 The Terrace, Wellington 6011, New Zealand  
PO Box 8085, The Terrace, Wellington 6143, T +64-4 472 0128, [info@meug.co.nz](mailto:info@meug.co.nz), [www.meug.co.nz](http://www.meug.co.nz)

4. And we also hope MBIE are followed up on the comment in the paper "Our analysis highlights the need for MBIE to release the EDGs as soon as practical."

Yours sincerely

A handwritten signature in black ink, appearing to read 'R. Matthes', with a long horizontal stroke extending to the right.

Ralph Matthes  
Executive Director