



TRANSPOWER

Waikoukou
22 Boulcott Street
PO Box 1021
Wellington 6140
New Zealand
P 64 4 495 7000
F 64 4 495 6968
www.transpower.co.nz

Matthew Clark
Manager, Transpower and Gas
Commerce Commission
Level 9, 44 The Terrace
Wellington 6011

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By email

Copy to: infrastructure.regulation@comcom.govt.nz

Cross-submission on the Commerce Commission's draft decision – Net-Zero Grid Pathways Stage 1 Major Capex Proposal (NZGP1 stage 1)

Dear Matthew

We welcome the Commerce Commission's (the Commission's) preliminary approval of NZGP1 stage 1 and value its handling of this significant major capex proposal (MCP) application. Given the extensive engagement between the Commission and Transpower following our initial application, we had no material issues that necessitated an initial submission.

We appreciate the opportunity to provide a cross-submission on matters raised in submissions by other parties in relation to the Commission's draft decision on NZGP1 stage 1.

We note submitters' strong support for the NZGP1 stage 1 MCP. We acknowledge that two submitters - the Consumer Advocacy Council and Major Energy Users Group - sought additional details on Transpower's approach for demonstrating net market benefit for the HVDC components of NZGP1 stage 1 to interested individuals.

Our planned approach to engage with interested parties in advancing the HVDC components of NZGP1 stage 1 is as follows:

1. Conduct updated Investment Test modelling – our initial modelling was undertaken in 2022 and since then there have been significant advancements in wind generation consenting in the lower South Island. As a result, we believe that this warrants a modelling refresh.

2. Share the results at a webinar/workshop – we will also publish the materials on our website.
3. Invite feedback from interested parties that we will consider in our decision-making.
4. Inform interested parties about our decision to proceed or not and how any input received influenced our decision.

We trust that this will provide stakeholders further clarity regarding Transpower's decision-making process on whether and when to proceed with the HVDC components of NZGP1 stage 1.

With regards to Nova Energy's recommendation that "Transpower should also include an upgrade of the Wairakei substation protection with its MCP update", we would like to provide some additional detail.

With an increasing number of generation connections on the existing lines into Wairakei, we are aware that different and more costly connection configurations will be required to ensure acceptable overall power system reliability and performance. One option is the upgrade of protection at Wairakei, however there is no immediate case for this, as duplicating the protection on this relatively large ring bus would be both complex and expensive. The current system of having line protection ensuring backup of bus zone protection is a reliable and proven system and duplicating the bus zone protection would have only a marginal improvement on grid resilience. We will incorporate this into our NZGP 1.2 investigation work on increasing transmission capacity into Wairakei.

Best regards,

Stephen J Jones

Grid Investment Group Manager