

02 December 2022

Andy Burgess
General Manager, Infrastructure Regulation
Commerce Commission
44 The Terrace
Wellington

Dear Andy

Net Zero Grid Pathways 1 major capex project

Please find attached our Net Zero Grid Pathways 1 Major Capex Proposal.

In July 2021 we wrote to the Commission outlining our intention to plan a major capex project to support the transmission implications of the decarbonisation of New Zealand's energy use. Decarbonising our energy use is an important part of achieving that goal and electricity will play a critical role in achieving this.

The investment need for this project is to enable the efficient dispatch of new generation and reliable supply of future demand growth over the interconnected grid. Electricity demand will increase as we transition away from fossil-fuel based energy consumption. Electricity generation will increase to meet this growth in demand and at the same time our fossil-fuelled generation will be replaced by renewables (hydro, geothermal, wind and solar).

Since our initial letter we have completed the following consultation:

- In August 2021 we released a long-list consultation document. It highlighted the need for investment and the potential options for addressing the need. It also requested information on non-transmission solutions (NTSs) and set out the assumptions we planned to use. We received 7 responses to the long-list consultation document. In general, the responses agreed with our assessment of the need and potential project scope.
- In June 2022 we released a short-list consultation document seeking feedback on our preferred option for addressing the need, and our preliminary application of the investment test. We received 17 responses. Again, the responses showed general support for our proposed project.

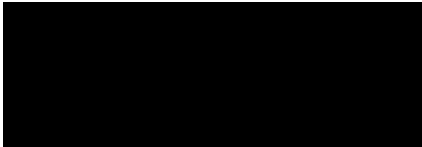
The attached proposal is the result of considerable effort by Transpower and those who responded to our consultations. Modelling the different options to meet the need is complex and has required detailed and careful analysis.

Attached with this letter are:

- Net Zero Grid Pathways 1 Major Capex Proposal.
- Attachments A-I supporting our Major Capex Proposal, including the Transpower Chief Executive Officer's certificate required under clause 9.2.1 of the Capex IM.

We look forward to your consideration of this application and will be happy to answer any questions the Commission may have.

Yours sincerely



Alison Andrew
Chief Executive Officer