



15 April 2014

Regulation Branch
Commerce Commission
By email: regulation.branch@comcom.govt.nz

Bunthythorpe-Haywards lines A and B investment proposal

Meridian welcomes the opportunity to provide feedback on the Commerce Commission's draft decision and reasons paper 'Bunthythorpe-Haywards lines A and B investment proposal'.

We support the Commission's draft decision to approve the investment proposal. We agree the project is likely to offer a net economic benefit.

We note the Commission has recommended that Transpower regularly reviews the suitability of the investment option against any changes in demand, with the possibility that different line sections be built to different capacities. Meridian considers it would be undesirable to reduce the capacity of particular line sections during construction. Rather, given the likely disruption to market operations over the 5-year construction period, it would be best to ensure adequate capacity is built initially.

While we acknowledge that demand forecasts may reduce in coming years, it is also possible that demand forecasts will subsequently increase, potentially creating a need to carry out additional upgrades and imposing further disruption on market operations. We support Transpower installing the proposed Zebra @ 75°C conductors across the full route.

Furthermore, in finalising transmission capacity, and carrying out construction work, Meridian considers it is critical that Transpower provide as much notice of its plans as possible. With the advent of a Financial Transmission Rights (FTR) market, numerous market participants are now making hedging decisions up to two years in advance which are substantially affected by decisions on transmission capacity and transmission outages. As such, Meridian considers Transpower (and the Commission) should seek to make network planning decisions as early as possible, in order to provide as much notice as possible to market participants.

Please contact me if you have any questions regarding this submission.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'M. Hall', written in a cursive style.

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