



MAJOR ELECTRICITY USERS' GROUP

9 May 2008

Maree McGregor
Electricity Commission
By email to info@electricitycommission.govt.nz

Dear Maree

Submission on Transmission to enable renewables

1. This is a submission by the Major Electricity Users' Group (MEUG) on the Electricity Commission *Draft report on transmission to enable renewables*, 4 April 2008 (the "draft report"). Subsequently the Commission tabled further and more up to date information on the Transmission to enable Renewables project (TTER project) at a workshop held on 2 May 2008. At that workshop the Commission advised further work was still being undertaken.
2. Without all the analysis having been completed by the Commission, it's difficult to provide a comprehensive view on the draft paper. MEUG's primary focus with the TTER Project has been and remains to avoid cross subsidies to renewable generation project developers.
3. In paragraph 1.5.2 (b) (vii) of the draft report the Commission asks for comments on "considering the feasibility of parties such as generators contracting with Transpower for upgrade to the existing interconnected grid." MEUG believe this has considerable merit.
4. Take for example the following comment in the draft report (paragraph 2.2.15) in relation to \$37m needed to upgrade the Otago to Waitaki transmission line that:

"However, Meridian said it had no way to require Transpower to progress such an upgrade."
5. MEUG does not believe there is any barrier to Meridian bi-laterally contracting with Transpower to build that line for \$37m. If as claimed this \$37m is holding back investment of \$1.5 billion renewable generation, then perhaps Meridian would willingly pay the \$37m as it would only be another 2.5% on the capital cost to unlock that investment. That would be a better outcome than socialising the \$37m cost across all consumers and allowing Meridian to receive a wind fall gain of the same amount.
6. The cautious and fully consultative approach by the Commission with the TTER Project to date is appreciated. We look forward to commenting in more detail once we see more detail from the Commission on the TTER Project.

Yours sincerely

Ralph Matthes
Executive Director