



# MAJOR ELECTRICITY USERS' GROUP

5 June 2008

Maree McGregor  
Electricity Commission  
By email to [info@electricitycommission.govt.nz](mailto:info@electricitycommission.govt.nz)

Dear Maree

## **Submission on revised North Auckland and Northland Grid Upgrade Proposal**

1. This is a submission by the Major Electricity Users' Group (MEUG) on the Electricity Commission invitation of 14 May 2008 for comments on Transpower's Revised North Auckland and Northland Grid Upgrade Proposal.

### **CBD tunnel**

2. MEUG is concerned that the assumed cost of accessing Vector's tunnel between the Penrose and Hobson substations (the "CBD tunnel") is \$50m per circuit. This cost appears excessive considering the cost of the tunnel on completion in May 2001 was \$96.7m<sup>1</sup>. We also note that in proposals last year Transpower had been using an estimate of \$6m. MEUG will be following with interest how negotiations on the cost of accessing the tunnel proceed.
3. One outcome to be avoided is double dipping by Vector whereby costs that consumers have already paid for or have been written off are charged for again to Transpower. As this issue is complex and involves the prior treatment of the CBD tunnel by Vector under various regulatory regimes; a copy of this submission has also been referred to the Commerce Commission.

### **Overall comment on Proposal 1**

4. Even assuming what appears to be an excessive cost to access the CBD tunnel, Transpower's recommendation for approval of Proposal 1 appears very robust compared to other options. MEUG at this stage has no comment on finer details such as the optimal timing.
5. Disappointingly the proposal does not table the expected incremental increase in interconnection charges for each option. Knowing the stream of charges over time for each option is valuable information for consumers. Even consumers with analytical expertise would struggle to calculate future interconnection costs using information from the proposal.

Yours sincerely

Ralph Matthes  
Executive Director

cc Michael Clark, Commerce Commission

---

<sup>1</sup> Vector, *Vector Optimised Deprival Valuation for the year ending 31 March 2001*, 18 July 2001 – refer p50, Appendix J. The \$96.7m valuation excludes the valuation of cables laid in the tunnel.