



MAJOR ELECTRICITY USERS' GROUP

1 September 2008

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

Dear Maree

Submission on Notice of Intention to approve HVDC Grid Upgrade Plan

1. The Major Electricity Users' Group (MEUG) welcomes the Electricity Commission Notice of Intention published 31st July 2009 to approve Transpower's HVDC Grid Upgrade Plan (GUP).
2. Transpower provided interested parties with detailed briefings and ample opportunities for consultation and feedback at every stage of developing this GUP. MEUG and other parties have taken considerable interest in this GUP because of its precedent setting nature as the first requiring approval as an economic investment. Where MEUG had specific questions those were answered either at those public meetings or directly. Transpower's openness and willingness to provide information and consider alternative views has been commendable.
3. We did not and still do not agree with all of the assumptions used by Transpower in the Grid Investment Test (GIT). Nevertheless MEUG notes:
 - a) We cannot fault how Transpower applied the GIT; and
 - b) Even if our assumptions were used, the overall result that Transpower's preferred option should be approved would stand.
4. The key assumption that MEUG has a different point of view is the weighting of scenarios. MEUG believes the weightings are biased in favour of scenarios with high renewables. The report by Commission staff "*Economic analysis of the HVDC Grid Upgrade Investment Proposal*" dated 30th July 2008 usefully recognised MEUG's concern (paragraph 2.5.12) and also the differing views of other parties. Paragraph 2.5.5 of the Commission report notes:

"The choice of generation scenario weightings is a key area of uncertainty. In response to feedback from stakeholders, Transpower repeated the core GIT analysis with several different sets of weightings representing widely differing views about the likely course of future generation development. In all cases, the expected net market benefit of the Proposal was greater than the expected net market benefit of the alternative projects."
5. This submission may be brief, but that does not infer we view the Notice of Intention as trivial. MEUG has committed significant resources to monitor and engage with Transpower as this GUP has been developed. The brevity of this submission is simply because MEUG has no material disagreement with either the GUP tabled by Transpower on 2nd May 2008 or the analysis and decision by the Commission published 31st July 2008.

Yours sincerely

Ralph Matthes
Executive Director