



MAJOR ELECTRICITY USERS' GROUP

6 November 2008

Siobhan Procter
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Grid Development
Transpower New Zealand Limited

By email to gridinvestmentprojects@transpower.co.nz

Dear Siobhan

Submission on five small lower North Island investigation projects

1. This is a submission by the Major Electricity Users' Group (MEUG) on consultation documents published by Transpower for five small lower North Island investigation projects. Comments on each consultation project are set out under the paragraph headings below. This submission is intended to provide feedback to Transpower to assist firm up assumptions for the next steps in those investigations. At this stage MEUG has no preference for the base case or any alternative being considered for each investigation project.

2. Two comments that apply to all of the consultation documents follow:

- a) One of the proposed criteria to reduce the long list to a short list of options is "*will assist enabling renewable energy*." This proposed criterion is derived from the Government policy Statement on Electricity Governance (GPS). MEUG suggests the GPS does not rank enabling renewables above the objectives of maintaining security of supply or minimising costs to consumers. Arguably non-renewables would better meet the latter two objectives. Therefore either Transpower remove the criteria "*will assist enabling renewable energy*" or add other criteria that reflect the security of supply and lowest delivered cost objectives of the GPS also.

MEUG suggest removal of this criterion would be the best approach.

- b) The discussion documents refer to Value of Lost Load (VOLL). That term is not used in the Electricity Governance Rules and therefore not part of the Grid Investment Test (GIT). To avoid confusion we suggest Transpower avoid using the term VOLL and just use the term unserved energy. In overseas jurisdictions the term VOLL is often used to describe a regulated energy price cap, ie a different function to how unserved energy is used in the GIT.

Possible replacement Conductor on the Bunnythorpe–Wanganui B 110 kV lines

3. In table 1 of the consultation document¹ peak demand forecasts in 2029 for Marton and Bunnythorpe are inconsistent with the assumed prudent growth factor.

¹ http://www.gridnewzealand.co.nz/f1017.4442309/4442309_bpe-wgn-consultation-oct-08.pdf

Possible replacement Conductor on the Wanganui-Stratford A 110 kV line

4. MEUG has no comment on this consultation document².

Possible new 220/110 kV Interconnecting Transformer at Redclyffe

5. In section 5 of the consultation document³ is the statement "*Titiokura and the Hawkes Bay wind farms have been consented but are not sufficiently advanced to be considered highly likely.*" This is not consistent with Electricity Commission's expectation that those generation projects are "*highly likely*" for three of the five scenarios in the 2008 Statement of Opportunities⁴.

Possible replacement Conductor on the Masterton-Mangamaire-Woodville A 110 kV line

6. MEUG has no comment on this consultation document⁵ apart from the observation that potential wind farm developers could enter into bi-lateral or multi-lateral contract(s) with Transpower to build alternatives that have an economic value to those generators instead of the options being considered to meet reliability.

Wellington 110 kV Interconnecting Transformer replacement

7. MEUG has no comment on this consultation document⁶.

Yours sincerely



Ralph Matthes
Executive Director

² http://www.gridnewzealand.co.nz/f2035,4442507/4442507_wgn-sfd-consultation-oct-08.pdf

³ http://www.gridnewzealand.co.nz/f2043,4442681/4442681_rdf-consultation-oct-08.pdf

⁴ Refer EC 2008 SOO, table 13, p89

⁵ http://www.gridnewzealand.co.nz/f2051,4442855/4442855_wdv-mgm-mst-consultation-oct-08.pdf

⁶ http://www.gridnewzealand.co.nz/f2059,4441827/4441827_wellington-110kV-consultation-10-oct-08.pdf