



MAJOR ELECTRICITY USERS' GROUP

25 January 2013

Hazet Adam
Chief Adviser
Regulation Branch
Commerce Commission
By email to regulation.branch@comcom.govt.nz

Dear Hazet

Upper South Island reliability programme stage 1 major capex proposal

MEUG supports the Commission's draft decision¹ dated 13th December 2012 to approve Transpower's Upper South Island (USI) Reliability Stage 1 Major Capex Proposal (MCP) at a not to be exceeded cost of \$4.99m. We endorse the Commission comments that:

- (1) Demand forecasts are too high however approval is given because Transpower has agreed to monitor actual demand and adjust the need date for work accordingly (eg paragraphs 39-40, C58 and D9-15);
- (2) Transpower consider other options for future Orari switching station work (paragraphs 41, C17 and D63);
- (3) "Transpower should present net electricity market benefits in its investment tests for future MCPs" (paragraph D36); and
- (4) A solution to repeated costs being incurred each time modifications are needed to Reactive Power Controllers (paragraphs D55-60).

We look forward to participating in consultation by Transpower on further proposals for the USI reliability programme. Future stages will involve sums of hundreds of millions of dollars and therefore Transpower should provide information on year by year change in transmission charges for each year of the life of proposed new assets.

Yours sincerely

Ralph Matthes
Executive Director

¹ <http://www.comcom.govt.nz/upper-south-island-grid-upgrade/>