

24 June 2024

Stephen Jones
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Sent via email: grid.investments@transpower.co.nz

Dear Stephen

Waikato Regional Interconnection Capacity Project

1. This is a submission from the Major Electricity Users' Group (MEUG) on Transpower's consultation paper "*Waikato Regional Interconnection Capacity Project: Long-list consultation*"¹ published for consultation in May 2024.
2. MEUG members have been consulted on the approach to this submission. Members may lodge separate submissions. This submission does not contain any confidential information and can be published on Transpower's website unaltered.

Support for exploring a range of options for Waikato project

3. MEUG welcomes the opportunity to comment on this project in its formative stage, when Transpower is considering a broad range of options to meet the forecasted increase in demand and possible constraints within the region. Several MEUG members are located within the Waikato region, and as discussed in the paper, many are exploring options to electrify and decarbonise their process heat requirements.
4. It is encouraging to see that Transpower is looking for non-traditional solutions for this project, as part of its long list of options. From our understanding, this still seems to be an emerging market. MEUG is interested to understand if Transpower has gained any insights from prior requests for information (RFI) for recent Major Capital Projects and if so, applied these learnings to this project. In addition, it would be helpful to understand how the non-traditional solutions market is developing across New Zealand and the range of viable options that are available to not only Transpower, but also EDBs.

¹ https://static.transpower.co.nz/public/uncontrolled_docs/Waikato%20Regional%20MCP%20-%20Long%20List%20Consultation%20Overview.pdf?VersionId=XJfn0hKPqLluyujJPI.epbbLhGnJJBvH

5. We have the following comments on the assumptions and scenarios considered for this project:
- a. Transpower notes that it is looking to incorporate its NZGP1 variations of the EDGS into its modelling.² MEUG understands that MBIE will be releasing its 2024 update of the EDGS at the end of June 2024. Will Transpower be incorporating update this into future modelling for this project?
 - b. Do the assumptions made about the decommissioning of the Tiwai smelter,³ incorporate the recent announcement from NZAS of a 20-year agreement with Meridian Energy, Contact and Mercury.
 - c. MEUG is comfortable with choice of a 5% discount rate, given that it is consistent with that used by the Commerce Commission.
 - d. It would be helpful to know when Transpower will publish the indicative pricing under the TPM for this project – the paper simply notes that it will release pricing when it gets to the short-list stage. The cost impacts of this project will be of interest to not only Waikato consumers, but other parties who may face charges under the benefit-based charges of the TPM.

Next steps

6. If you have any questions regarding our submission, please contact MEUG on 027 472 7798 or via email at karen@meug.co.nz.

Yours sincerely



Karen Boyes
Major Electricity Users' Group

² Page 4, of Attachment 4, https://static.transpower.co.nz/public/uncontrolled_docs/Waikato%20Regional%20MCP%20-%20Attachment%204%20-%20Scenarios.pdf?VersionId=S6qV79mDhlor_ljmQQx47Wom7RmRg5ZA

³ Page 15, Attachment 4.