

22 May 2025

Stephen Jones
Grid Investment Group Manager
Transpower New Zealand Limited
22 Boulcott Street
Wellington 6140

Dear Stephen,

Re: Notice of intention to plan the HVDC Link Upgrade Programme major capex project.

Thank you for your *Notice of intention to plan the HVDC Link Upgrade Programme major capex project* letter of 23 April 2025.

We appreciate the helpful context provided regarding the intention of Transpower New Zealand Limited (Transpower) to plan the HVDC link upgrade programme major capex project (**HVDC Link MCP (stage)**), particularly in respect of the following matters we need to agree for HVDC Link MCP under clause 3.3.1(3) of the Capex IM:

- (a) a consultation programme for a transmission investment of non-transmission solution, in accordance with clause 8.1.3;
- (b) an approach to ensure appropriate consideration of non-transmission solutions to meet the investment need giving rise to the major capex project in accordance with clause 8.1.3;
- (c) an application submission date; and
- (d) an approval timeframe.

You have mentioned that Transpower will not be considering non-transmission solutions (NTS) as an investment. Your view that NTS is unlikely to provide a viable alternative, is based on condition-based need to replace the HVDC submarine cables, the scale of the load and the obsolescence of the control system.

At this stage we are comfortable with Transpower's view that NTS will not be a viable alternative to retaining an operational HVDC link between North and South Island. We will monitor the feedback on Transpower's consultation and its submission of HVDC Link MCP proposal.

The table below sets out our view on the matters we must agree with Transpower, as required by clause 3.3.1(3) of the capex IM.

Matters for agreement with Transpower under clause 3.3.1(3) of the capex IM

Progress step	Timing
Short-list consultation	April – May 2025
Transpower submits major capex proposal for Stage 1 to Commission	August 2025
Commission publishes and consults on draft decision on major capex proposal for Stage 1	February 2026
Commission publishes final decision on major capex proposal for Stage 1	May 2026
Transpower submits major capex proposal Stage 2	December 2025
Commission publishes and consults on draft decision on major capex proposal for Stage 2	April 2026
Commission publishes final decision on major capex proposal for Stage 2	June 2026

We have based our timeframe approval on the anticipated complexity of HVDC Link MCP, and the expected work programme during this period. We will be better placed to refine the timeframe, if necessary, when Transpower submits its proposal for the project.

Please let me know if you have any queries with this letter. Otherwise, please confirm that you agree to the matters specified above in accordance with clause 3.3.1(3).

Yours sincerely

Dane Gunnell
Head Of Price Quality Regulation