

10 February 2026

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Sent by Email

For: Karen Smith, Chris Birkinshaw

Dear Karen and Chris

## **Legal Assurance Letter - CNI BBI and HVDC Reactive Support BBI proposed starting allocations reconsultation**

### ***Background***

1. Transpower has remodelled and recalculated, and intends to reconsult on, proposed starting benefit-based investment (**BBI**) customer allocations for the Central North Island (**CNI**) BBI and HVDC Reactive Support BBI. These are the two high-value post-2019 BBIs comprised in stage 1 of phase 1 of Transpower's Net Zero Grid Pathways major capex project (**NZGP1.1**).
2. Transpower first consulted on proposed starting allocations for the BBIs in 2023. The modelling and calculation of the then proposed starting allocations assumed the Tiwai Point aluminium smelter would close in 2024 or 2034. However, on 31 May 2024, NZAS and Meridian announced they had entered into a new electricity supply contract to 2044.
3. Transpower considers this new information about the longevity of the smelter is likely to have a material impact on the distribution of private benefits from the BBIs and therefore their starting allocations. Transpower has therefore decided to remodel and recalculate proposed starting allocations for the BBIs, based on an assumption that the smelter will remain for the entire standard method calculation period for each BBI, and reconsult on those proposed starting allocations.
4. Transpower is required to consult publicly on proposed starting allocations for high-value post-2019 BBIs under clause 15(1) of the transmission pricing methodology (**TPM**).

### ***Scope of our review***

5. Our role has been to review the following documents (the **Reconsultation Documents**) and provide legal assurance as to their compliance with the TPM and benefit-based charge (**BBC**) assumptions book (**Assumptions Book**):

- 5.1. Consultation paper;

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- 5.2. Draft record of application of the price-quantity method to the CNI BBI; and
  - 5.3. Draft record of application of the price-quantity method to the HVDC Reactive Support BBI.

### ***Assurance***

6. In our opinion, and subject to the qualifications and limitations noted below:
  - 6.1. the Reconsultation Documents comply with the TPM in all material respects; and
  - 6.2. the processes and methodologies applied to remodel and recalculate the proposed starting allocations for the CNI BBI and HVDC Reactive Support BBI, as recorded in the Reconsultation Documents, are consistent in all material respects with sections 3.2 and 3.3 of the Assumptions Book, except where otherwise stated in the Reconsultation Documents in accordance with clause 15(3) of the TPM.

### ***Qualifications and limitations***

7. Our assurance in paragraph 6 above is subject to the following:
  - 7.1. Our opinion is based on the information made available to us by Transpower.
  - 7.2. We do not express any opinion on the technical, economic, engineering or modelling aspects of the Reconsultation Documents, as those aspects are outside our role and expertise.
  - 7.3. The version of the Assumptions Book we have referred to for assurance is version 1.1 from March 2023. This is not the most recent version of the Assumptions Book (version 2.0). Transpower considered it most appropriate to use the inputs and assumptions in chapter 2 of version 1.1 of the Assumptions Book for the remodelling because those were the inputs and assumptions used in the original modelling for the BBIs and are consistent with the inputs and assumptions used in the investment test for NZGP1.1 (as generally required by clause 43(5) of the TPM). We agree with that decision, and, to be consistent with it, have referred to chapter 3 of version 1.1 of the Assumptions Book for assurance. As noted in the Reconsultation Documents, the changes made to chapter 3 of the Assumptions Book between versions 1.1 and 2.0 are not material to the calculation of starting allocations for either BBI.

### ***Reliance***

8. This opinion may be relied on by Transpower and its directors. Except to the extent (if any) required by law, no other person may, without our written consent, use this letter, either directly or indirectly, or enable this letter to be relied upon by any other person, or allow this letter to be quoted or referred to in any document, whether public or private, or filed with any regulatory authority.

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9. We are aware that Transpower intends to publish this letter with the Reconsultation Documents. We understand such publication of this letter is not intended to waive privilege in any advice we have provided to Transpower relating to the Reconsultation Documents or any other matter.

Yours sincerely



**Chris Browne** | Special Counsel  
**Amanda Stephenson** | Senior Associate  
SIMPSON GRIERSON