



19 June 2025

Grid Investments
Transpower
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By email: grid.investments@transpower.co.nz

Subject: HVDC Link Upgrade Programme - Major Capex Proposal short-list consultation

Thank you for the opportunity to engage with the Transpower Grid Investment Team on the above major capex proposal. Contact supports Transpower's preferred increased capacity Option 3, as we agree with Transpower's assessment of the benefits of this option.

The HVDC plays an important role in maintaining national security of supply and a functional electricity market, so the reliability of this asset is crucial. The additional capacity under Option 3 will provide North Island customers with a clear and material benefit in the form of low-cost renewable peaking generation. It will also reduce the North Island's reliance on thermal peaking generation increasing security of supply. Fuel for this thermal generation has become increasingly scarce, expensive, and unreliable given the sudden and unexpected decline of New Zealand's gas market. We also see that the increase in self-covering reserve capacity as a substantial market benefit by lowering reserve costs and making more generation available in the energy market.

It also makes sense to take advantage of the efficiencies relating to procurement and lead times for delivery to upgrade the HVDC capacity in parallel with replacing the existing cables, and we agree with incorporating other HVDC projects at the same time to minimise the impact to the market and security of supply.

We also consider that it is critical that the upgrades to increase the AC system capacity are completed prior to the HVDC upgrade to realise the full benefit of Option 3. This will include Haywards to Whakamaru (including the Wairakei Ring) to enable the transfer of additional power flowing north to northern load centres, and the Lower South/Southland region to avoid stranding existing and planned generation in that region that will utilise the additional HVDC north capacity.

We agree that there is not a complete non-transmission solution that can be considered as a viable option. North Island BESS will complement Option 3 but will not provide the long-term capability required to meet energy and peak capacity shortfalls.

If you would like to discuss our response further, please do not hesitate to contact me.

Yours sincerely,

A handwritten signature in blue ink, consisting of a stylized 'G' followed by a long, horizontal flourish.

Gerard Demler

Transmission Manager, Contact Energy