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Submission On Upper South Island Upgrade - Shortlist Consultation Update - April 2025

Thank you for the opportunity to provide feedback on Transpower's updated proposal to address capacity constraints in its supply to the upper South Island.

Support for option 2

EA Networks supports the proposal. We think it is very important to meet the growing capacity needs of the region and prudent to do this in a way that avoids or minimises the risk of widespread outages, and the economic damage that would be associated with such outages.

In light of the updated cost of the project we have reviewed Transpower's preferred option (a dual switching station) and consider it to be a pragmatic solution given the existing configuration of the grid and supply northward from the Waitaki valley.

While the cost benefit assessment only shows a small net benefit, we think it is important that our customers have faith in the reliability of electricity delivery as they consider electrification options to support decarbonisation.

Deferral and cost escalation

We have also considered how non-transmission solutions might defer the upgrade. In this situation, we think that pressure on global markets caused by electrification is likely to mean that cost escalation over the next few years will likely erode or eliminate any savings that might be sought through delaying the project.

For this situation, we perceive a significant risk asymmetry between the cost of progressing the upgrade a little early versus the impact of widespread outages if the upgrade is late, or where non-transmission alternatives do not address the constraint as expected.

On this basis, we support advancing the project as soon as possible.

Cost allocation

We are concerned by the significant shift to allocate the majority of costs to load customers and away from generation customers. We understand that this has been caused by changes to load growth assumptions, and we are concerned that the change will lock in this cost allocation regardless of how the growth actually pans out.



With both load and generation constraints ahead of us, and a proposal that addresses and benefits both (ultimately), a more equitable approach would be to share the cost between the two, rather than try to forecast which constraint arrives first. On this point:

- The load growth assumption may already be dated. For example, we understand that it still includes a 10MW allowance for Cook Strait ferry charging, which is no longer progressing. We also believe that customers installing self-consumed renewable generation will offset load growth some of the time.
- While we don't support delaying the project through alternative load reduction measures, we would be in a position to deploy our load management and coordination to address load constraints to the extent that the equation might then show higher benefits for generation.

We ask that Transpower revisit its forecasts to take account of the range of likely outcomes, rather than a binary assessment that allocates the majority of costs to load or generation since it is clear that both will benefit in the fullness of time.

Concluding remarks

Thank you again for the opportunity to provide feedback. If you have any queries regarding these comments, please feel free to contact me on 027 248 8614 or at anisbet@eanetworks.co.nz.



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