



15 August 2022

NZGP1 Stage 1 Shortlist Consultation
Transpower

By email: nzgp@transpower.co.nz

Net Zero Grid Pathways Stage 1 shortlist consultation

Meridian appreciates the opportunity to provide comment on the Net Zero Grid Pathways (NZGP) stage 1 proposal consultation. Meridian is supportive of the shortlist selection, with the variety of smaller projects as well as new lines.

Meridian has some general comments:

- Meridian would like to encourage the planning and completion of these projects rather than waiting for more criticality. Expediting these projects will reduce the impact to market during the outages that would be required to complete the works.
- The proposal uses a discount rate of 7%. The consultation notes that this was set at a time when that rate was close to Transpower's WACC, and that it seems high today. This is especially so given the expected lifetime of the projects. Meridian supports the use of alternative discount rates to provide some sensitivity analysis.

Answers to the questions raised in the consultation are contained in the appendix to this submission.

Please contact me if you have any queries regarding this submission. Nothing in this submission is confidential and Meridian is comfortable for it to be released in full.

Nāku noa, nā

A handwritten signature in blue ink, reading "Evealyn Whittington". The signature is written in a cursive style and is positioned above a thin horizontal line.

Evealyn Whittington
Senior Regulatory Specialist

Meridian's answers to the questions raised in the consultation

	Question	Meridian's view
1	Do you agree with our staged approach to this major capital investment programme?	Yes.
2	Is our approach to NTS reasonable?	Yes.
3	Is our reduced list of options for enhancing capacity of the HVDC reasonable?	Yes.
4	Is our reduced list of options for enhancing capacity of the CNI 220 kV corridor reasonable?	Yes.
5	Is our reduced list of options for enhancing capacity of the Wairakei Ring reasonable?	Yes.
6	Are our scenario weighting sets reasonable?	Yes, it seems appropriate to place more weighting on the larger demand growth scenarios to reach the current goals.
7	Is our shortlist of HVDC and CNI options reasonable?	Yes.
8	Is our shortlist of Wairakei Ring options reasonable?	Yes.
9	Is our choice of the preferred option reasonable?	Yes, however Meridian believes that option 12 provides more capacity at a slightly lower PV benefit and should be considered further.
10	Is our conclusion that upgrading existing assets is more economic than bypassing the existing grid reasonable?	Yes, at this stage this is reasonable. However, as the consultation notes, if major projects or other significant changes were to happen, then this may need to be reconsidered.
11	Do you agree that our choice of preferred option is robust against sensitivity analysis?	Yes, however as noted in our response to question 10, option 12 also has merits.

