

Transpower
Wellington

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5 May 2025

Re: Further consultation on our short-list for upper South Island upgrades

We appreciate the opportunity to comment as part of this consultation process.

To provide context, NZ Steel operations are located in the Auckland Region, with the HVDC link being the only electrical connection to the area this work is required to service. However, the proposals envisage those in the NI will be deemed beneficiaries and demand participants levied accordingly¹.

Our particular interest relates to application of the TPM and impact on demand customers. This MCP is one of the first under the new methodology, and a significant \$ investment. Additionally, the justification for the upgrades is based on modelled market benefits, not security of supply².

It is important the information presented fully justifies transmission price increases to consumers remote from the upgrade area when the only benefits will supposedly be reflected in real-time energy prices. This is of particular concern when high spot price has not proved to be a valid signal for transmission congestion (which was promoted with the new TPM). Further, timing for the supposed benefits will likely occur at times of overall system peaks; times when those in the industrial sector are already likely to be on reduced load³.

We request Transpower fully explore and justify the modelled outcomes for supposed demand beneficiaries outside the USI, and this is done prior to consideration by the Commerce Commission.

Regards



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¹ Attachment 5: Estimated Pricing Impacts, table 1.

² Attachment 5: Estimated Pricing Impacts, para 8 & 20.

³ Attachment 5: Estimated Pricing Impacts, para 10