



NZGP1 Long-list Consultation

The Net Zero Grid Pathways 1 (NZGP1) Long-list Consultation runs from 20 August 2021 to 1 October 2021. Under the Net Zero Grid Pathways (NZGP) work programme NZGP1 Long-listing is the next step in seeking Commerce Commission approval for one or more grid backbone upgrades.

This information sheet gives an overview of the NZGP1 Long-list Consultation document.

The process for projects within Net Zero Grid Pathways

Net Zero Grid Pathways covers Transpower's investments on the backbone of Aotearoa's electricity transmission grid. These investments will enable the electrification of the economy and assist with meeting New Zealand's decarbonisation targets. This includes ensuring the grid backbone has enough capacity to accommodate new renewable generation and maintain a secure and reliable supply of electricity as demand grows.

Transpower's Grid upgrade projects are submitted to the Commerce Commission for approval. These applications for funding are known as a Major Capital Proposal or MCP. In developing an MCP, Transpower uses future scenarios and modelling to identify the grid needs, then develops options, consults on a long-list, further develops the preferred options, consults on a shortlist, then submits a preferred option to the Commerce Commission, seeking approval to deliver the project.

When identifying investment needs, Transpower models and considers a range of future scenarios for new generation and demand. For the NZGP1 MCP these include major changes such as the close of New Zealand's Aluminium Smelter (NZAS) at Tiwai Point, possible outcomes of the NZ Battery Project and forecast new generation investment. We also consider the changing use of electricity in New Zealand as new technologies emerge and industry moves to decarbonise industrial processes.

Within its NZGP work Transpower is taking a wider view of future investment – seeing several needs in an area across time and looking at options that may meet one or more of those needs. The resulting options could be minor grid upgrades to existing lines, the construction of new lines, and other alternative technologies and approaches that may supplement or replace the need for major grid upgrades. The NZGP1 Long-list Consultation examines grid investment needs and options to provide enough future grid backbone capacity through the central area of New Zealand.

NZGP1 Consultation area

The area of interest for this consultation is the national grid from the Wairakei region in the north, through the central and lower North Island, including the High Voltage Direct Current (HVDC) link across Cook Strait. The most plausible future scenarios from our modelling all require more grid capacity through this area. This includes potential impacts from NZAS closing as well as possible new wind and solar farms in the lower North Island, Hawkes Bay and the Bay of Plenty.

The suggested projects within the consultation document cover a very wide range and your feedback from this consultation, including alternatives to grid upgrades, will assist by informing us of preferred options.

Your feedback will help determine preferred options

Beginning October 2021, Transpower will consider your feedback on the long-list, undertake more detailed cost estimates for each option, and undertake a benefits-based economic analysis to identify a preferred option. This analysis will be collated into a short-list which we will again consult on externally. This consultation is planned for the second quarter of 2022 before our final submission is made to the Commerce Commission later in 2022.

Transpower will also consider using your feedback to package a number of options together where some smaller scale investments can be made earlier, to progressively upgrade grid capacity over time in the most cost-effective and efficient manner.

If the preferred options require new lines or major upgrades to existing lines Transpower would follow the appropriate processes for gaining consents. Collaboration with any potentially affected landowners would begin in early 2022. We also need to ensure that emerging projects are incorporated into our overall works programme to both optimise the utilisation of our external service providers, and to ensure that the timings of major construction projects integrate with our normal grid maintenance and refurbishment work.

Work currently underway on the Transmission Pricing Methodology (TPM) means that arrangements for how the costs of our upgrades are allocated to customers are changing. As we develop the NZGP1 proposal we intend to indicate to customers how costs would be shared under the new TPM framework to aid in providing feedback during the shortlist consultation in 2022.

Transpower is particularly interested to know whether our picture of the future and scenario assumptions are reasonable, and whether there is anything missing from the long-list or further criteria for decision-making.

We welcome all feedback. Please email written feedback in either Microsoft Word or PDF format to nzgp@transpower.co.nz by 1 October 2021.