

Memorandum

Date: 27 April 2023

To: Transpower

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Confidential and privileged

TRANSMISSION PRICING METHODOLOGY: IMPLEMENTATION PHASE – ASSURANCE OF HVDC REACTIVE SUPPORT CONSULTATION DOCUMENTS

Introduction

- 1 Transpower intends to consult stakeholders in relation to the proposed starting benefit-based investment (**BBI**) customer allocations for the HVDC Reactive Support, which the TPM requires that Transpower treat as a separate post-2019 BBI.
- 2 The proposed consultation also includes an estimate of the covered cost of the HVDC Reactive Support, as well as the estimated benefit-based charges (**BBCs**) for all customers.
- 3 The TPM requires Transpower to publicly consult on proposed starting BBI customer allocations for post-2019 BBIs expected to be “high value” when fully commissioned,¹ including any material departures from Transpower’s BBC Assumptions Book (**Assumptions Book**).²

Scope of our review

- 4 Transpower has asked Chapman Tripp to provide assurance in relation to the proposed HVDC Reactive Support documentation to be published for consultation, specifically whether it complies with the TPM, and whether it is consistent with particular aspects of the Assumptions Book.

¹ Clause 15(1) and (3) of the TPM approved by the Electricity Authority on 12 April 2022.

² Transpower was required to publish an Assumptions Book (clause 38 of the TPM), it did so on 15 September 2022. The Assumptions Book was updated on 16 March 2023 (**Version 1.1**). Version 1.1 of the Assumptions Book is available here: https://tpow-corp-production.s3.ap-southeast-2.amazonaws.com/public/uncontrolled_docs/BBC%20Assumptions%20Book%20v1.1.pdf?VersionId=Mt.iiWEcM9obssTIikyOu3n.sgMNO7g.



Assurance

5 In our opinion, and subject to any assumptions, qualifications and limitations noted below:

- 5.1 the proposed HVDC Reactive Support consultation documentation³ complies with the TPM in all material respects, in that it is consistent with relevant BBC provisions specified in the TPM, and
- 5.2 the processes and methodologies applied to the HVDC Reactive Support are consistent with those set out in the Assumptions Book, except where stated otherwise in the HVDC Reactive Support Draft Record. The reasons for any material departures from the Assumptions Book are explained in the consultation documents.

Assumptions, qualifications and limitations

6 Our assurance in paragraph 5 above is subject to the following:

- 6.1 our assurance is based on the information made available to us,
- 6.2 our assurance addresses legal requirements and legal form, and does not address economic, engineering or modelling matters, and
- 6.3 Transpower is satisfied that the content of the proposed HVDC Reactive Support documentation, including proposed customer allocations and associated calculations, have been vetted from a technical perspective.

Reliance

- 7 This opinion may be relied on by Transpower and its directors. Except to the extent (if any) required by law, no other person may, without our written consent, use this letter, either directly or indirectly, or enable this letter to be relied upon by any other person, or allow this letter to be quoted or referred to in any document, whether public or private, or filed with any regulatory authority.
- 8 We are aware that Transpower may intend to disclose this letter when consulting on the HVDC Reactive Support. We understand the disclosure of this letter is not intended to waive privilege in any advice we have given to Transpower, in this or any other process.

Lucy Cooper

Partner

³ We have not been asked to assess Transpower's covered cost estimate or the appendices included in the documentation.