

25 July 2025

Transpower
By email: grid.investments@transpower.co.nz.

OTA–WKM A&B reconductoring – Auckland wider region section

1. Transpower is proposing to spend \$52.3 million reconductoring the Auckland wider region section of the Ōtāhuhu–Whakamaru A and B lines (OTA–WKM A&B). Transpower has identified that 31 km of each circuit, from Flatbush to Hūnua, needs replacing due to corrosion.
2. In its consultation documents, Transpower sets out the need for investment, the options that have been considered, how the options have been assessed and their rankings, and finally its preferred solution.
3. The consultation does not assess how the options would affect transmission charges, especially for customers in the Auckland wider region.

Impact on transmission prices

4. Transpower recently consulted on its HVDC link upgrade programme and Vector submitted the following on the impact on transmission prices:

One of the central aims of the new TPM was to encourage greater engagement and scrutiny of Transpower's major investment proposals by those who would ultimately pay for them. The Electricity Authority's view was that if parties faced charges based on the benefits they were expected to receive, they would have stronger incentives to assess those benefits critically – supporting investments that were genuinely efficient and challenging those that were not.

The logic was straightforward: if a party knew it would face a benefit-based charge (BBC) of \$Xm over the life of a proposed investment, it would ask whether it was likely to receive at least \$Xm in return – and engage with Transpower accordingly. Whether that dynamic was ever fully realistic is open to debate. But what is clear is that meaningful engagement is not possible unless affected parties are told what they are likely to pay. Without visibility of the X, the intended feedback loop simply cannot function. That concern is directly relevant here, because Transpower has:

- a. Provided only indicative customer allocations, expressed as broad percentage ranges;*
- b. Supplied those allocations for its preferred option only; and*
- c. Basing them on the allocation method from a previous HVDC investment – a project with a very different purpose to the current proposal.*

This is unsatisfactory. Stakeholders are left with virtually no basis for understanding what BBCs they might face each year under the different options, because:

- d. A percentage allocation tells a customer nothing about the expected dollar amount of its annual bill over the 40-year life of the investment - and calculating it is not straightforward;*
- e. It is impossible to compare allocations across options, let alone prices, because Transpower has only released this information for its preferred option; and*
- f. There is no reason to assume the benefit pattern from the previous converter-transformer upgrade would carry over to a project focused on cable replacement and capacity expansion.*

Better visibility of the likely BBCs under each option is essential if the TPM is to function as intended. Vector considers that indicative BBCs should be provided much earlier in the process, ideally during the long-list consultation. By the time options are shortlisted, many of the key trade-offs have already been framed, making it far harder for stakeholders to influence the outcome. The fact that this information is still missing at such an advanced point is highly problematic. Vector therefore requests that Transpower publish indicative BBCs for all shortlisted options as a matter of urgency.

Vector appreciates the scale and complexity of the investment decision Transpower is facing and recognises the importance of ensuring the HVDC link remains fit for purpose. However, the significance of this proposal and its long-term cost implications for consumers makes it essential that all credible options are thoroughly tested and clearly explained. We encourage Transpower to refine its analysis, engage openly on the assumptions underpinning its preferred option, and provide greater transparency around pricing impacts. Doing so will help build confidence in the final decision and ensure the chosen solution delivers enduring value for New Zealand.¹

- 5. This OTA–WKM A&B consultation has no details whatsoever on the impacts of any of the options on transmission charges for customers which is inadequate.
- 6. Vector maintains that consultations regarding grid investments must include an assessment of the impact on individual customers' transmission charges, including:
 - a. Decreases of charges, in this case residual charges, resulting from decommissioning existing assets; and
 - b. Increases of charges, in this case benefit-based charges, resulting from commissioning new assets.

Yours sincerely,



Bas van Esch
Senior Pricing Specialist

¹ Vector response HVDC link upgrade programme – short-list consultation, 19 June 2025