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Media release

Electricity Commission gives final approval to HVDC upgrade

The Electricity Commission has given its final approval for Transpower to spend up to \$672 million to upgrade Pole One of the HVDC link between the South and North Islands.

The Commission had announced its intention to approve the upgrade in late July. The Commission then agreed to hold a public conference in order to provide a final opportunity for comment on the proposed upgrade. After considering issues raised in submissions received in advance of the conference and the conference presentations, the Commission has decided to confirm its decision to approve the upgrade.

The HVDC proposal is a two stage project that will involve the construction of new converter station facilities at Haywards and Benmore and the decommissioning of the old equipment. The two HVDC poles will have a capacity of 1200 MW when stage 2 is completed in 2014. The project does not include the replacement of the existing transmission line and submarine cables. Transpower had initially asked for \$728 million but that was reduced to \$672 million following further analysis and discussion with the Commission.

While the Transmission Pricing Methodology, which allocates the costs of the HVDC equipment, was not under consideration, a number of electricity companies raised it in submissions. Commission Chair David Caygill said that in due course, the Commission will consider whether it is appropriate to re-examine the current transmission pricing methodology.

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