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Media release

Electricity Commission issues draft 'no' to Transpower's transmission proposal

Today the Electricity Commission has issued a draft decision to turn down Transpower's proposal to build a new 400 kilovolt (kV) line between Whakamaru and Auckland. The commission will make its final decision on the proposal in July.

Commission chair, Roy Hemmingway said, "Based on a wide range of advice and the analysis undertaken to date, there are alternatives that provide the same level of electricity security but are less expensive than the proposed 400kV line. Therefore, at this stage the commission cannot approve the proposal."

Mr Hemmingway said that Transpower's grid upgrade proposal reflected good electricity industry practice in meeting grid reliability standards, and the commission was satisfied that Transpower had materially complied with processes set out in the Electricity Governance Rules.

The commission places the highest importance on an adequate and secure power supply to Auckland and Northland, Mr Hemmingway said. It has already approved several transmission upgrades that would deliver improved security of supply in the short and medium term.

Mr Hemmingway said that meeting Auckland and Northland's expected power needs will require a major new transmission line after the middle of the next decade, unless new generation is built close to Auckland or load growth declines.

“The form and timing of this investment will depend on the location of generation investment, demand growth and transmission technology developments.

“We are also interested in peoples’ views on the desirability and practicality of acquiring a transmission corridor in advance of the need for a new transmission line,” he said.

Mr Hemmingway said the commission welcomed feedback on Transpower’s proposal and the draft decision from interested parties and would consult widely with affected communities, key stakeholders and iwi before making its final decision in July. There would be briefings in May, public hearings in June and a likely formal conference in early July.

“The commission’s draft decision on Transpower’s grid upgrade proposal has been by far the most challenging activity of the commission since it started operating in September 2003. But the exercise has led to a greater public awareness of Auckland and Northland’s power needs and considerable creative thinking about expanding transmission and generation. The commission received some thoughtful submissions on alternatives that contributed greatly to the quality of its work.”

**For more information:
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Note to editors:

1. *Role*—the Electricity Commission is a Crown entity that oversees the operation of the electricity industry and markets. It operates under the Electricity Act and in accordance with government energy policy. It neither sets electricity prices nor builds or finances new electricity generation. Its main responsibility is to ensure that power is produced and delivered to all classes of consumers in an efficient, fair, reliable and environmentally sustainable manner. It must also promote and facilitate the efficient use of electricity.

2. *Planning*—the Commission is not the transmission planner—that is the role of national grid operator Transpower, which must submit grid upgrade plans to the commission to consider and approve against, among other things, an economic test known as the grid investment test.

3. *Consultation*—the commission will hold a public conference in early July if interested parties request it. They have until May 11 to make such a request and until June 9 to make submissions on the draft decision. Oral hearings would be held in Manukau and Hamilton in early June.

4. *Transmission upgrades approved by commission*—

- 100MVar static Var compensator and 100MVar capacitors at Albany (2007);
- 24MVar capacitor at Kaitaia (2007);
- new 220kV substation at Huntly East (2008); and
- thermal upgrading of the Whakamaru-Otahuhu 220kV A & B lines (2007).