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Media release

Electricity Commission approves NI grid upgrade

The Electricity Commission today announced its approval of Transpower's proposal for a new electricity transmission line between Whakamaru and Pakuranga, Auckland.

The project will include more than 190km of above ground pylons and lines, and underground cables. While the line will initially be run at 220 kilovolts, it will have the potential to be upgraded in the future to 400 kilovolts.

Commission Deputy Chair Peter Harris said the decision-making process had delivered a significant benefit to consumers. Transpower's proposal had been considered against a range of other potential options, in particular a 220 kilovolt line, to ensure the project met the criteria for approval.

"We unanimously declined Transpower's first application in 2006 because it did not meet the Grid Investment Test (GIT), which is designed to protect consumers from unnecessary costs," said Commissioner Harris. "The new proposal was substantially better in terms of providing reliable and cost-effective transmission to the upper North Island. It is in line with good electricity industry practice, particularly as it provides improved diversity of supply. That means consumers will be better off in the long term."

The decision, which was made by a majority, confirms the notice of intention to approve the proposal that was issued on 31 January 2007. Since that notice the Commission received further submissions, held a public conference and carried out further analysis, including to address issues raised in submissions. Issues raised included the adequacy of Transpower's costs, the impact of

electromagnetic fields, environmental and community impacts, and alternatives to the line. Commissioner Harris said the further analysis did not raise any significant new issues that could overturn the notice of intent to approve.

Commissioner Graham Pinnell has issued a dissenting opinion. In his dissenting opinion, he said the proposal did not pass the GIT and that the 220kV option would be more economic. He said the savings to consumers by rejecting the proposal would far outweigh the costs of reviewing a new proposal, and there was adequate time for such a review.

Commissioner Harris said Commissioner Pinnell had disagreed on the assumptions used in the GIT, particularly regarding where new electricity generation sources for Auckland would be located and the level of electricity demand growth. Changes in these assumptions could result in a different conclusion. Commissioner Harris said the majority adopted a more conservative view than Commissioner Pinnell on demand uncertainties in reaching their decision.

Commissioner Harris thanked all those who had submitted on the project. He said the Commission recognised the upgrade will have an impact on some communities and the Commission anticipates that Transpower, as a matter of good practice, will actively seek to mitigate environmental impacts on small communities, and notes that (without prejudging what the RMA process may require) in some situations options such as route diversion, varying tower height, increasing easement width, the use of single circuit towers and/or monopole towers may be feasible and affordable within the contingency sums approved for the project.

— ends —

NOTE: Commissioner Stan Rodger took no part in the discussion or decision making on the upgrade given his recent role as a Transpower board member.

Documents relating to the decision can be found at:

<http://www.electricitycommission.govt.nz/opdev/transmis/auckgridinvest/final>

For more information and comments, please contact:

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