



TRANSPOWER

Transpower House, 96 The Terrace,
PO Box 1021, Wellington,
New Zealand
Telephone +64-4-495 7000
Facsimile: +64-4-495 7100
www.transpower.co.nz

Richard Fletcher
richard.fletcher@transpower.co.nz

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Lisa DuFall
Electricity Commission
PO Box 10041
Wellington

Dear Lisa

Re: Interconnection Asset Capacity and Grid Configuration

This is Transpower New Zealand Limited's submission on the Electricity Commission's 14 December 2009 consultation paper *Interconnection Asset Capacity and Grid Configuration*.

We note and agree with the Commission's proposal to amend schedule F6 of the interconnection rules to include the information in the 2009 annual report, with the exception of the service level information relating to Pole 1 of the HVDC link.

The Commission and the industry generally are aware that the availability of the half pole of Pole 1 that is currently in service is limited, for technical, operational and insurance reasons, and that current planning will see Pole 1 dismantled towards the end of 2011, prior to the commissioning of Pole 3. For these reasons, Transpower proposes that the Commission recommend an amendment to the service levels applicable to Pole 1 in order to provide Transpower with a sufficient degree of flexibility to enable it to offer Pole 1 to the extent reasonably practicable from time to time, given the technical, operational and insurance constraints that may apply in the period remaining until the asset is dismantled. We believe this approach would be in the economic interest of New Zealand.

Attached to this letter is suggested wording for the Pole 1 service level to be incorporated into schedule F6 to Section VI of Part F of the Electricity Governance Rules. This wording has been discussed with Meridian Energy Ltd and Contact Energy Ltd, both of whom support its inclusion in the rules.

Yours sincerely

Richard Fletcher
Regulatory Strategy Manager

APPENDIX – PROPOSED POLE 1 SERVICE LEVEL

Service Measure	Service Level
Transfer capacity in the North and South transfer for each configuration of the HVDC Link	<p>North Transfer:</p> <p><u>Pole 1</u></p> <p>Pole 1 (half pole only) will be available for limited operation, within its technical capabilities, but availability will vary according to any limitations that Transpower may from time to time require (including to meet the requirements of its insurers).</p> <p>Details of Pole 1 capabilities at any time are published on Transpower's website.</p>