

14 December 2023

Commerce Commission
PO Box 2351
Wellington 6140

By email: infrastructure.regulation@comcom.govt.nz

Submission on: *Transpower's Net Zero Grid Pathways stage one major capex proposal: Draft decision and reasons paper*

Introduction

1. Thank you for the opportunity to make a submission on *Transpower's Net Zero Grid Pathways stage one major capex proposal: Draft decision and reasons paper*. This submission is from the Consumer Advocacy Council, the independent advocate for residential and small business electricity consumers in Aotearoa New Zealand.
2. If you have any questions regarding our submission, please contact:
 - Emma Sturfels, acting manager, Consumer Advocacy Council
 - Email: emma.sturfels@cac.org.nz
 - Phone: 021 812 663

Comments

3. Our submission on the draft decision and reasons paper focuses on Transpower's proposed \$103 million investment in the high voltage direct current (HVDC) link between the North and South Islands.
4. We note the Commerce Commission's comments that this investment did not appear to have "immediate benefit to consumers". As a result, there was a risk of over-investment associated with the project.
5. We further note the commission proposes approving the investment "contingent on Transpower being able to quantitatively demonstrate to interested persons a net market benefit". This assessment would be triggered by one or more of the following:
 - confirmation of the Tiwai smelter's departure date
 - modelling to show the additional redundancy benefits from the STATCOM¹
 - more certainty in the generation mix or load forecasts.

¹ A static synchronous compensator is a type of electrical plant that provides or absorbs reactive power

6. Our primary concern is that there must be an opportunity for adequate public scrutiny of Transpower's future assessment of the net market benefit of the HVDC project. This scrutiny is essential to gauge the project's expected benefits (and costs) to consumers.
7. Without independent scrutiny, there is also a heightened risk that errors will not be detected. As the draft decision and reasons paper notes, there have been previous instances of Transpower errors.²
8. We therefore suggest the commission considers including additional details in its final decision about the consultation process that Transpower would be expected to undertake to ensure there is adequate public scrutiny.
9. We consider this is important, given the commission's draft decision proposes that the commencement of the HVDC upgrade would not be dependent on a further decision or analysis by the commission itself.
10. We would be happy to discuss our views on this issue with the commission.

Yours sincerely,



Deborah Hart

Chair

Consumer Advocacy Council

² The paper notes (p75) "During our review of the Addendum, Transpower discovered errors in its application of the investment test and decided to revise its proposal following a consultation with stakeholders. Following its consultation and revised application of the investment test, we sought further clarity on some issues".