

Update from the Chair

September 2025

Planning and building for the future

The importance of the HVDC link – and getting pricing signals right

With all the work and reviews underway following the crisis of last year, it is important that we are planning for the future rather than for this moment in time.

Last week's announcement by [Amazon Web Services](#) is indicative of the future we need to be thinking about and planning for. When [Datagrid](#) build their AI-learning centre in Southland, they will potentially be using more electricity than the Tiwai Point Aluminium Smelter. [Fonterra](#) is electrifying much of their manufacturing; when that conversion is completed Fonterra will likewise be using more electricity than the Smelter. If we are planning for what we need today, we will be poorly placed for these and other future developments.

Part of this planning should include reducing our dependency on the weather, not increasing it. We cannot be perpetually worried every year about whether it will rain enough. We need firming to ensure reliable supply and peaking to get us through winters.

And we also need to ensure the electricity we generate gets to where we need it.

One of the most important parts of the transmission grid is the HVDC cable connecting the north and south islands. It plays a critical role in electricity security and stability – and it needs to be replaced.

Transpower has this week submitted a [proposal](#) to the Commerce Commission, who will review the proposed capex investment of \$1.1 billion and decide whether it represents good value for New Zealanders. We expect a draft decision and public consultation from the Commerce Commission in 2026. If approved, the proposed upgrade will be completed by 2031 (with removal of old cables being completed by 2033).

Historically, electricity has tended to flow from the southern hydro lakes to the North Island. In the future, we will see more flows from wind, solar and geothermal generation in the North Island down to the South Island for the likes of Datagrid. The HVDC needs greater flexibility than it has had to provide in the past, and the capacity to handle larger loads than it has typically needed in the past. We need to get this investment right.

The cost of any replacement will be recovered through transmission charges, which make up around 8% of household electricity bills. Exactly how the cost is allocated to consumers will be determined by the Electricity Authority's Transmission Pricing Methodology (TPM).

The issue here is the TPM has failed to deliver on expectations. The beneficiary-pays component has been applied so generically as to be almost meaningless, and the removal of peak pricing signals against the explicit warnings of industry has undermined the very system it was intended to enhance.

While we consider the HVDC replacement, we also need to consider replacing elements of the TPM.

Key dates

What's on	Who	When	Notes for members
Conference: Climate Change and Business conference	SBC	8 – 9 Sept	The 2025 Climate Change & Business Conference 2025 was held in Auckland, with a focus on <i>Ambition. Accountability. Action.</i>
Workshop: Digitalisation project	Electricity Authority	8, 11, 12 & 15 Sept	The Authority is running a series of workshops to discuss the next steps for its digitalisation project. Workshops will be held in Christchurch, Wellington, Auckland and online – details here .
Conference: EEA conference	EEA	9 – 11 Sept	The Electricity Engineers' Association's 2025 conference , <i>Electrifying Aotearoa</i> , will be held down in Christchurch.
Webinar: HVDC link upgrade programme	Transpower	9 Sept	Transpower held a webinar to discuss its proposal for the HVDC Link Upgrade Programme , which has been submitted to the Commerce Commission for consideration.
Nominations: Security and Reliability Council	Electricity Authority	9 Sept	The Authority has called for nominations for three new members of the Security and Reliability Council.
Webinar: Regulating the standardised super-peak hedge contract	Electricity Authority	10 Sept	The Authority held a one-hour webinar to talk through the consultation paper related to regulating the standardised super-peak hedge contract (register here)
Auction: NZ ETS auction	MfE	10 Sept	The third NZ ETS auction for 2025 will run 9.00am – 12.00pm.
Release: NZ Energy Quarterly	MBIE	11 Sept	The next update of NZ Energy Quarterly will be released on 11 September.
Submission: Draft geothermal strategy	MBIE	12 Sept	MBIE is seeking feedback on a draft strategy to unlock New Zealand's geothermal potential.
Conference: Oceania Renewable Power summit	Freeman	16 – 17 Sept	The Oceania Renewable Power Summit is a two-day conference and exhibition in Auckland focused on the deployment of solar, wind and battery technologies across the Oceania region.
Workshop: Network visibility	Electricity Authority	18 Sept	In-person workshop in Wellington to discuss the Authority's discussion paper about improving 'network visibility', where more information about network constraints and capacity is made publicly available and is accessible. Register here .
Submission: Energizing Queenstown	Transpower, Aurora, PowerNet	19 Sept	Transpower, Aurora Energy and PowerNet are seeking feedback on a shortlist of options to increase electricity transmission into the Queenstown region.
Webinar: Improving application processes	Electricity Authority	19 Sept	Webinar to discuss the new requirements for application processes to connect load and generation to networks, which come into effect from late 2026 – register here .
Cross-submission: Aurora Energy's transition	Commerce Commission	23 Sept	The Commission is seeking cross-submissions on its draft decisions paper for Aurora Energy's transition to the 2025 – 2030 default price-quality path.
Submission: Part 8 Code Amendment – (CACTIS)	Transpower	29 Sept	Transpower is seeking feedback on the proposed Connected Asset Commissioning, Testing and Information Standard (CACTIS) covering technical requirements in relation to asset capability information, asset commissioning (including timing), modelling, testing, and operational communications.
Submission: Regulating the standardised super-peak hedge contract	Electricity Authority	30 Sept	The Authority are seeking feedback on our proposed approach to regulating the standardised super-peak flexibility product, an electricity hedge contract for morning and evening trading periods (the super-peak product).
Deadline: Stress test disclosures	Electricity Authority	30 Sept	The stress testing regime requires disclosing participants in the wholesale electricity market to apply a set of standard stress tests to their market position, and disclose quarterly.
Deadline: Retailer compliance reports	Electricity Authority	30 Sept	Retailer compliance reports for consumer care obligations due.