

5 May 2025

James Kilty
Chief Executive
Transpower
PO Box 1021
WELLINGTON 6011

Sent via email: usi@transpower.co.nz

Dear James

Short-list for Upper South Island Upgrade

1. This is a brief submission from the Major Electricity Users' Group (MEUG) on Transpower's project update and consultation paper "*Upper South Island Upgrade: Short-list*"¹ published in April 2025.
2. MEUG members have been consulted on the approach to this submission. This submission does not contain any confidential information and can be published on Transpower's website unaltered. Members may lodge separate submissions.

Support need for project but concern with application of costs via TPM

3. MEUG welcomes Transpower undertaking further consultation on its short list of options for the Upper South Island (USI) Upgrade project. It is important to get further stakeholder input and reconfirm support, given the substantive increase in forecast cost due to the more complex technical work required. We support Transpower seeking a non-transmission solution allowance, which could possibly replace or defer the need for investment and welcome a similar approach to that proposed for the Western Bay of Plenty (WBOP) project.
4. However, MEUG is concerned with the indicative starting allocations and benefit-based charges for this project,² as determined via the Transmission Pricing Methodology (TPM). Like the WBOP major capex project, this is one of the first high-value post-2019 benefit-based investments (BBIs) and is the first time stakeholders have seen these approaches applied.
5. MEUG considers that there is a lack of transparency around how these charges are being forecast and therefore, this makes it difficult to understand the potential impact. With MEUG members throughout the country, it is important that demand beneficiaries, both within and out of region, are reassured that these increases are fully justified. These outcomes also seem counter to the intent of the new TPM, where it was anticipated that TPM BBI charges would be levied to demand-side participants at the GXP's involved and would impact the supply side (generators) for a wider geographical area.

¹ https://static.transpower.co.nz/public/uncontrolled_docs/USI%20-%20Short%20list%20Consultation%20April%202025.pdf?VersionId=HDccXDh0ofJ8yPUwtg0okKeq.Fc9trSj

² As set out in [Attachment 5: Estimated Pricing Impacts](#), Transpower short list consultation.

6. MEUG has raised similar concerns³ with the starting allocations and charges for the WBOP major capex project proposal. We are in the process of organising a meeting with both Transpower and Electricity Authority staff on this project and would welcome the opportunity to also discuss this USI project.

Next steps

7. If you have any questions regarding our submission, please contact MEUG on 027 472 7798 or via email at karen@meug.co.nz.

Yours sincerely

A handwritten signature in black ink, appearing to read 'K Boyes', with a long, sweeping horizontal stroke extending to the right.

Karen Boyes
Major Electricity Users' Group

Copied to: Sarah Gillies, Chief Executive, Electricity Authority
Andy Burgess, General Manager Infrastructure Regulation,
Commerce Commission

³ See MEUG submission [here](#), 29 April 2025.