

29 June 2010

Lisa Dufall
Electricity Commission
Level 7, ASB Bank Tower
2 Hunter Street
PO Box 10041
Wellington 6143

Dear Madam,

Submission on Lower South Island Reliability Transmission Investment Proposal.

PowerNet wishes to submit the following written comment to the Electricity Commission on the Transpower Grid Upgrade Plan part VIII, 'Lower South Island Reliability Transmission Investment Proposal.'

Introduction

PowerNet Limited is owned by electricity network owners Electricity Invercargill Limited and The Power Company Limited with offices in Invercargill and Balclutha.

Electricity Invercargill and The Power Company formed PowerNet in 1994 to manage both their networks to achieve improved economies of scale and to maximize benefits for their consumers. Since 2002 PowerNet has provided the same services in North, South and East Otago on behalf of the OtagoNet Joint Venture which is owned by Marlborough Lines Limited, The Power Company Limited and Electricity Invercargill Limited. The Stewart Island reticulation and a small embedded network in the Frankton area of Queenstown are also managed by PowerNet.

PowerNet employs over 65 staff who are charged with developing, managing and maintaining the electricity network assets in a cost-effective way. Field services are provided by independent alliance contractors. Specialist PowerNet staff operate a 24/7 control room and faults call centre in Invercargill, that manages all faults, repairs and activity on the PowerNet managed networks.

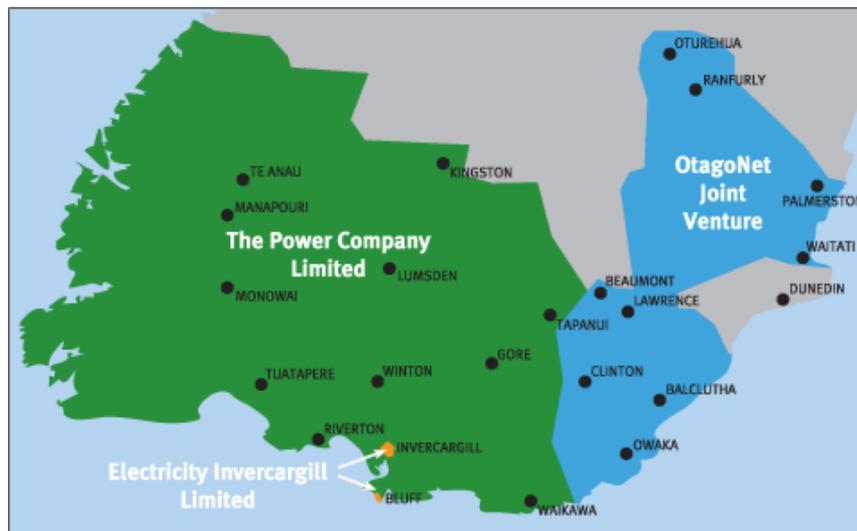


Figure 1 Large networks managed by PowerNet

Comments

PowerNet supports the Grid Upgrade Proposal (GUP) proposed by Transpower and is pleased that the Grid Investment Test (GIT) has found that Option 9 'Full Build' has the least market cost.

PowerNet desires to maintain acceptable power supply to our customers in Southland and coastal Otago and relies on Transpower to provide reliable supply to the four grid exit points that supply PowerNet from the present 110kV network. End-use customers have received a high level of service and our surveys show that they wish to continue to receive that level of service.

Review of the proposal highlighted that if Option 0 'Base case' was developed PowerNet would need to undertake a number of costly developments to maintain our customers expected level of service. These would add to the market cost of supplying customers in the Gore and Edendale areas. Option 9 'Full Build' would not add these additional costs.

We support Transpower's application of the GIT for this GUP and the assumptions made.

- Five market development scenarios based on LSI Renewables work.
- Demand forecast to 2008 SoO, adjusted by Covec work.

The sensitivities analysis ranges of variation are large and it was good to see option 9 'Full Build' was least cost.

The non-qualitative factors had scores that we could understand and support, and again good to see Option 9 'Full Build' ranked number one.

The long list was comprehensive with various non-asset and asset options. The criteria for selecting the short list options is sound and the options considered in the short list seems to be the best, to the criteria.

We have been involved with Transpower in Stakeholder Engagement since 2008 and feel that good consultation has occurred.

We wish Transpower all the best with this project and look forward to continued good service and the capability to supply significant new electricity customers in Otago and Southland.

We are willing to discuss any matters raised in this submission should clarification be desired.

Yours

Roger Paterson
Chief Engineer