

Len Gould
Tel: 04 495 7023
Fax: 04 495 7004
len.gould@transpower.co.nz

Transpower House
96 The Terrace
PO Box 1021
Wellington 6140
New Zealand
P 64 4 495 7000
F 64 4 495 7100
www.transpower.co.nz

22 July 2009

John Gleadow
Director Transmission
Electricity Commission
PO Box 10041
WELLINGTON



Dear John,

Part F, S. III, Rule 8 and Blenheim New Supply Transformer Proposed Investment

Transpower proposes to enter into an Investment Contract with Marlborough Lines Limited to establish a new 110/33 kV Supply Transformer at Blenheim (proposed investment). Rule 8 of Section III of Part F contains obligations on Transpower in relation to Investment Contracts which have implications for Grid Reliability Standards (GRS).

In summary:

- **Rule 8.2 Implications for the GRS**
The proposed investment will improve reliability and reduce unserved energy. Therefore, there are GRS implications and rules 8.2.1 and 8.2.2 apply.
- **Rule 8.2.1 Consistency with the GRS and effect on reliability**
Economic analysis demonstrates that the proposed investment has a net benefit compared to the status quo. Therefore, the proposed investment meets the requirements of the GRS and will increase reliability.
- **Rule 8.2.2 Transpower notifies the EC Board**
Transpower is notifying the EC Board of the proposed Investment Contract because the proposed investment is consistent with the GRS and reliability is not decreased.

In accordance with Rule 8.2, this letter constitutes Transpower's formal notification to the EC Board of the proposed Investment Contract.

Yours sincerely



Len Gould
Customer Services Manager
Grid Development