



TRANSPOWER

Keeping the energy flowing

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16 September 2009

John Gleadow
Director Transmission
Electricity Commission
PO Box 10041
WELLINGTON

Dear John,

Part F, S. III, Rule 8 and Ashburton 220/66 kV Transformer T10 Proposed Investment

Transpower proposes to enter into an Investment Contract with Electricity Ashburton to establish an additional 220/66 kV transformer T10 (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