



New Wood Creator

DONGWHA PATINNA NZ LIMITED

Manager, Economics and Approvals
Grid Development
PO Box 1021
Wellington

11 May 2009

Dear Manager, Economics and Approvals

RE: Submission on Lower South Island Reliability Project

This submission follows the email sent by Transpower on 23 April 2009.

Q1. Are there any other development plan issues or considerations that should be incorporated into the analysis of the Lower South Island Reliability project?

Dongwha does not have any development plans that would impact the project. The Covec prudent load forecast is acceptable.

Q2. Do respondents consider that the demand assumptions are appropriate for this project?

Dongwha agrees that the demand assumptions for Brydone GXP are appropriate. Increased constraint on the grid from dairy conversions and dairy expansions remain a concern.

Q3. Do respondents consider that the generation assumptions are appropriate for this project?

Dongwha agrees that the generation assumptions are appropriate. Some more wind generation projects may need to be included however any upgrade for new renewable transmission should be paid for by the generators.

The impact on the grid from Solid Energy's vast Lignite reserves is unknown, has this been included in both the demand or generation scenarios?

Q4. Are there any other qualifying options which should be considered as part of Transpower's long list of options for the lower investigation project?



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Dongwha does not have any other options to add to the long list.

Q5. Do you consider that any of the identified options in Transpower's long list do not come within the definition of "alternative projects" as defined under the Rules; or are inconsistent with good electricity practice? Please explain.

Dongwha believes the Non-Transmission alternatives listed in section 6.1.3 will not sufficiently reduce the constraints of the future grid as outlined in the Covev study. Options such as fuel switching or installing energy efficiency equipment will increase our operating costs. Dongwha is not in a position to be able switch fuels.

Q6. Do respondents consider this commensurate GIT approach to be reasonable for Transpower to apply when considering the lower South Island reliability project?

Q7. Are there other market costs or benefits which should be reflected in the analysis?

The commensurate GIT is acceptable for the upgrades which are solely for reliability reasons. The upgrade options for new renewable generation are an economic proposal and the primary beneficiaries (generators) should pay for these upgrades.

Q8. Do respondents consider this Value of Lost load is appropriate for valuing lost load in the lower South Island region?

Dongwha considers the Value of lost load is appropriate.

Yours sincerely

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