

T R A N S P O W E R

**LOWER SOUTH ISLAND RELIABILITY
INVESTMENT PROPOSAL**

Attachment F
Summary of Stakeholder Engagement

May 2010

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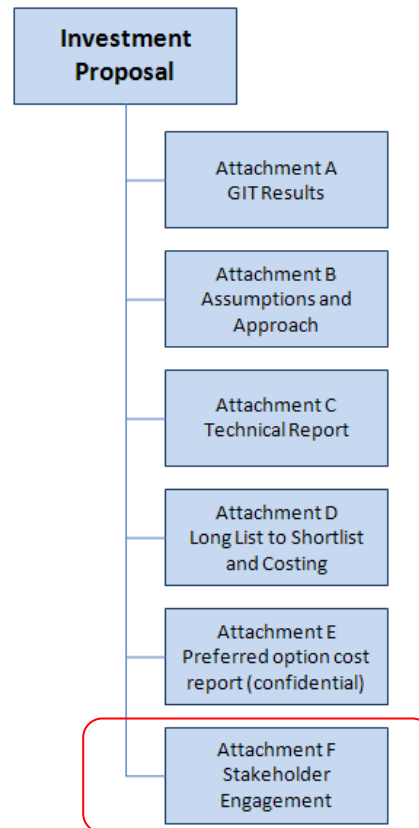
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1 Introduction

This document provides a summary record of the engagement process, feedback and submissions made in developing the Lower South Island Reliabilities Investment Proposal. The diagram below sets out the entire structure of this proposal.



The stakeholder engagement programme for this project has helped identify and refine long-list and short-list options and inform and refine the selection of a preferred solution. The programme of engagement will continue as the project progresses.

Engagement to date has primarily been undertaken within the 'industry' (eg generators, lines companies, major users), relating to the options and application of the Grid Investment Test. Some wider engagement has also occurred with relevant central and local government agencies and key community organisations. The owners of properties within the area potentially affected by the possible new line connection between Gore substation and the existing North Makarewa–Three Mile Hill A transmission line have also been advised of the project.

The purpose of the engagement process to date has been to:

- meet statutory requirements under the Electricity Governance Rules on the application of the Grid Investment Test (GIT)
- ensure key stakeholders and potentially affected parties were informed about the proposed project in a timely manner through the provision of clear and objective information that assisted people's understanding of the proposed works
- enable Transpower to gather input from key stakeholders and potentially affected parties that will assist in Transpower's assessment of options
- gain the understanding of our stakeholders by communicating with them openly and transparently about the project, and through that communication, build understanding and support for Transpower's approach.

2 Summary of Engagement

A summary of stakeholder engagement activities undertaken as part of this project is provided in Table 2-1: Summary of stakeholder engagement undertaken below.

Table 2-1: Summary of stakeholder engagement undertaken

Date	Engagement Activity
October 2008	Introduced investigation to a regional forum in Invercargill organised through the local lines company Powernet. Attendees included major users, local lines company representatives, generators, councils, and development agencies.
December 2008	Investigation update to regional forum in Invercargill.
April 2009	Released ‘ <i>Assumptions, Approach and Options</i> ’ consultation document seeking feedback on the assumptions used for the investigation and the long list of options identified at that stage. Seven submissions were received as part of this project.
July 2009	Introduction of short-listed options at that stage at a regional forum in Invercargill.
November 2010	Meeting with District and Regional Councils in the lower South Island and the Department of Conservation to update of status of project and current list of options
*November/ December 2009	Written updates to interested stakeholders letting them know that work to evaluate options and develop a shortlist was taking longer due to the use of untried technology (in New Zealand) of some of the options
*February 2010	Written updates to interested stakeholders letting of revised project timeframes and recent progress.
May 2010	<p>Regional forum in Invercargill to update stakeholders on progress including the short-list of options to take forward for assessment under the Grid Investment Test.</p> <p>Follow up email and/or letter to stakeholders who did not attend forum to update on project progress and timeframes</p> <p>Letter to communities in vicinity of the Gore substation and further south (to the North Makarewa–Three Mile Hill line) introducing the project and providing information on the common component to all options (a line connection between Gore Substation and the North Makarewa – Three Mile Hill line).</p>

* For these stages, project information was issued in combination with an update on the Lower South Island Transmission Upgrade (Facilitating Renewables) Project

3 Engagement Process

Feedback received as part of the stakeholder engagement programme has helped Transpower confirm the assumptions – particularly demand and generation required for the investigation. It has also helped challenge the option selection and refinement process.

3.1 RFI/Long Listing phase

In April 2009, Transpower released its consultation document¹ seeking feedback from interested parties on the initial investigation. This consultation along with industry feedback held in Invercargill in October 2008 and December 2008, represented stage one of the engagement process. Seven submissions² were received to the document.

3.1.1 Main themes to feedback received

Across all parties consulted, the following common themes emerged from the feedback:

- The maintenance of N-1 on the non core grid elements is highly desirable.
- Demand forecasts must take into account the potential for strong dairy growth continuing in the region.
- Any significant step load changes assumed at Tiwai post 2019 would be highly speculative.
- The generation assumptions should take into account new wind and coal developments.
- A new 220kV line connecting Gore to the Waitaki Valley should be considered.
- SPS' should only be considered as short term, interim solutions.
- The value of lost load will vary according to industry; both Edendale and Tiwai load would have significantly higher VoLL than \$20,000/ MWh.

3.1.2 How feedback was used

Transpower used the specific feedback around demand forecasts to help refine the forecasts. Feedback on the use of SPS schemes helped develop how these were used within the short-listed options.

3.2 Option Analysis

Option analysis is an iterative process, as changes in assumptions can impact on option assessment. The initial set of likely short-listed options was introduced to industry stakeholders and some community stakeholders from July to September 2009. However, this list was subsequently revised through an internal option challenge exercise. That exercise introduced several new possible options involving new technologies such as phase shifting transformers and series compensation.

Update letters/emails at the end of 2009 to all interested stakeholders, highlighted the introduction of these technologies and the need for Transpower to do further work, given they were as yet untried in New Zealand (although well-known overseas).

¹ <http://www.gridnz.co.nz/f2026,12347089/lis-reliability-consultation.pdf>

² These submissions can be found at <http://www.gridnz.co.nz/lis-grid-reliability-publications>.

3.2.1 May 2010 Forum

In May 2010, Transpower held a forum to introduce the final short-list options to be taken forward for GIT assessment, and the indicative costs at that stage. A long list to short list document was also released indicating how the initial long list was refined to the short-list options under consideration.

3.2.2 May 2010 Landowner Contact

A common theme from all the short-listed options is the need for a connection between Gore substation and the North Makarewa–Three Mile Hill line about 2.5 kms to the south. To introduce potentially affected communities to this component, a letter was sent out introducing the project, its need and this component.

The exact design of this configuration is not yet certain at the time of submitting this Investment Proposal, and so Transpower has committed to consulting with the local community to help determine the design of this component.

3.3 Post GUP submission stakeholder engagement

The delivery phase of the project will involve continued engagement with key stakeholders, as part of the environmental processes around “Greenfield” site/route selection for new assets and also property rights acquisition and access.