



TRANSPOWER

TRANSPOWER NEW ZEALAND LIMITED

Request for Proposal for Upper North Island Dynamic Reactive Support

Notice to Proponents No.2

9 OCTOBER 2009

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Upper North Island Dynamic Reactive Support

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1. The RFP and this Notice No.2

All documents relating to this RFP are located via the Publications link at <http://www.gridnewzealand.co.nz/upni-consultation>. This site is referred to in this document as “the Web Site.”

The RFP, the draft Contract and one Schedule for the Upper North Island Dynamic Reactive Support were issued on 15 September 2009. Two additional Schedules and Notice No.1 were issued on 22 September 2009. Notice No.2 was issued on the date of this Notice and the draft Contract was reissued in revised form. All documents are available from the Web Site.

Email notification of this Notice to Proponents No.2 is being sent to all parties who have expressed an interest in this project. Anyone wishing to be added to this list of parties to be notified is invited to email GridInvestmentProjects@Transpower.co.nz with the “Upper North Island Dynamic Reactive Support” as the subject.

2. Template Contract – further clarification

The Template Contract now contains a number of marked-up changes to improve clarity or address issues raised by proponents. The current version is dated 7 October 2009 and is available via the Publications link at <http://www.gridnewzealand.co.nz/upni-consultation>.

3. Synchronous condensers attached to generators

Transpower will not pay fees for dynamic reactive support where this is already provided by generators when generating.

Proponents may offer dynamic reactive support while generators are not generating but as this is unlikely to be at times of high load, it is likely to be of much lesser value. The revised formula for Availability payments in the draft Contract includes for this option.

4. Proposals Including Groups of Devices Single Devices

System requirements include a high level of reliability and the availability payment formula in the draft contract is intended to reflect this need.

A Proponent offering a Proposal comprising a group of devices may choose to nominate a capacity less than the sum of all the device capacities in order to be able to take a device out of service without causing an outage and possibly reducing their availability payments.

Proponents' attention is drawn to the definition of availability.

5. Outages

Questions have been asked about outage measurement. Your attention is drawn to Clause 2.4 of the draft Contract.

6. Needs Statement – Additional Information

Tertiary Windings: Some tertiary windings in the Transpower network may be suitable for connecting dynamic reactive support. Proponents, if offering their dynamic support at these locations, may like to indicate in their schedules whether they intend using these tertiary windings. However, site specific studies would be required and approval may be given only if the Proposal is successful in accordance with the terms outlined in the RFP.

7. Supply of New Plant

The purpose of the RFP is to obtain costs for the supply of Dynamic Reactive Support as a service.

Following the GUP, Transpower may also call for proposals for the supply of plant for this purpose.

End of Notice No.2