

5 March 2026

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Commerce Commission
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Dear Matt

Cross-submission – Draft decision on Upper South Island Stage 1 Major Capex Project

1. Introduction

Marlborough Lines Limited (MLL) appreciates the opportunity to provide this cross-submission on the [proposal submitted by Orion](#) and Buller Electricity Limited's (BEL's) [submission](#) regarding the planned investment in Transpower's Upper South Island Major Capex Proposal (MCP).

We would like to acknowledge the thoroughness of their analysis and note that, in principle, we support Orion's primary recommendation that the investment should be approved, given its potential long-term value, subject to:

- capital deployment only occurring once there is greater certainty that the investment is required, i.e., ongoing re-evaluation of forecast demand modelling assumptions; and
- affected customers, including ourselves, being kept informed through regular, transparent updates throughout the project development process.

2. Conditional Support for Investment Timing

While the proposed investment appears justified from a strategic, resilience, and reliability standpoint, we are concerned that committing expenditure prematurely will introduce unnecessary costs to consumers. Where there remains uncertainty around timing, demand forecasts, or alternative solutions, we consider it prudent that the investment should:

- not proceed until the need is confirmed with greater certainty; and
- include clear, published triggers for commitment, such as confirmed load growth or security constraints.

Aligning investment timing with higher certainty will better protect the interests of consumers who ultimately fund transmission investments.

The MCP investment case used a series of load growth scenarios. This included, under every scenario, the step load from the original Cook Strait ferry electrification project, which has subsequently been withdrawn¹. Further demand from the wine sector in Marlborough was included as a step load under the disruptive scenario, which is not currently materialising. Additionally, electric vehicle uptake has slowed and with distributor and retailer price plans incentivising usage away from peak times, electric vehicles

¹ This step change electrification project was withdrawn and will likely be replaced by a much smaller scale electrification project.

contribution to peak demand may be less than that assumed². This echoes both Orion and BEL's submission points, and more specifically BELs where they highlight that assumptions used in modelling may no longer be appropriate, that they are continuously changing and should regularly be re-evaluated.

MLL strongly encourages Transpower to undertake regular review of its modelling on which the investment case is based.

3. Requirement for Regular Customer Updates

We hope that transparency and engagement with impacted customers be materially strengthened during both the pre-investment and delivery phases. Given the scale and potential cost impacts of the proposal, we believe that the following should be provided during these phases:

- updates on any changes to project need (including regular re-evaluation of forecast demand modelling assumptions), timing, cost forecasts, scope or budget;
- any further assessment of alternative options considered; and
- opportunities for meaningful customer feedback prior to key investment decisions.

This is essential for ensuring confidence in the capital planning process and maintaining trust in the resulting cost impacts passed through to consumers.

4. Escalating Transpower Costs and Sustainability Concerns

Further to Orion's concerns about increased costs that will ultimately be passed to consumers, we also wish to highlight our increasing concern regarding material price increases from Transpower over the past two years. These increases have placed significant upward pressure on our own cost structures, and consequently on the prices paid by our consumers.

Transmission charges continue to represent a substantial and growing portion of total delivered electricity costs. Our consumers are bearing these increases at a time of broader economic pressure, and we are becoming increasingly concerned about the long-term sustainability of rising transmission costs.

MLL has received approximately 20% increases for each of the last two years. RCP4 indicative transmission charges set out a further 24% increase in MLL's transmission charges over the next three-year period. This means that MLL's transmission charges will increase from \$5.86m in pricing year 2024/2025 to \$10.79m in pricing year 2029/2030. Our understanding is that these price increases exclude additional increases that may arise from remodelling of the HVDC benefits-based charge, as well as any charges associated with this MCP.³

We note that some of these increases are a result of a change in the Transmission Pricing Methodology, however, we believe it important to express our views that the timing, necessity, and transparency of major investments must be considered alongside other cost increases that are impacting our consumers. We would also like to highlight that, despite the material increases in costs, MLL has seen no additional benefit with respect to both capacity provided from or resilience of the transmission grid supplying MLL.

5. Consideration of Non-Grid Alternatives

We also consider it responsible to highlight that, should transmission costs continue to escalate into the future, we may be required to consider alternatives to full reliance on Transpower's grid.

² The assumptions were based on NZGP1 EDGS, which had materially higher demand forecasts than the EDGS 2019 scenarios.

³ Estimated at \$1.4m for the 2044/2045 year based on Transpower's August 2025 [Attachment 9: Indicative Pricing Impacts](#).

This includes assessing the feasibility of localised generation, storage, or standalone systems capable of supplying part or all of our network's needs. While our preference is to remain connected to, and supportive of, the national grid, ongoing affordability for our consumers must remain our primary obligation.

This reinforces the need for careful, disciplined, and transparent decision making around major grid investments, particularly when other material increases are being incurred.

6. Conclusion

In summary:

- We support the recommendations set out by Orion regarding conditional approval of the proposed investment;
- Investment should proceed only when supported by demonstrable need;
- Regular, transparent updates to affected customers are essential;
- We also support BEL's submission in response to the draft decision for this MCP;
- Transpower's material price increases are a significant and growing concern for MLL with the impact of this ultimately borne by our consumers – we are paying materially more for no additional benefit; and
- We may be forced to explore alternative supply options should transmission costs continue to escalate unsustainably.

We appreciate consideration of our views and we're available to discuss these matters further, if required.

Yours sincerely



Scott Wilkinson
Commercial Manager