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## Upper South Island (USI) MCP draft decision - cross submission

We appreciate the opportunity to respond to the submissions made on 17 February 2026,<sup>1</sup> to the Commerce Commission's draft decision on our major capex proposal (MCP) for the Upper South Island. The proposed expenditure is based on anticipated demand growth, which has been informed by underlying growth and specific feedback regarding new step demand within the region. Additionally, expectations around the electrification of process heat and transportation are likely to generate future challenges in transmission capacity.

We have carefully considered the submissions, and this cross submission responds to the points raised by Orion on the need date as a function of forecast demand.

*"While accepting the need for the upgrade, we have residual concerns over timing – specifically, how soon the USI MCP is required...Actual demand has been significantly lower than forecast, indicating a strong likelihood that the USI MCP can be reasonably delayed from its current projected timing.*

*Our concerns do not mean that the USI MCP should not be approved. Transpower has nominated a wide approval window that expires at the end of 2040, noting that this allows for "...both demand fluctuations and the potential use of NTS..."<sup>2</sup>*

We appreciate Orion's thorough examination of Transpower's demand forecast approach in reaching its conclusions.<sup>3</sup>

### Upcoming actions for USI MCP

Given the points raised by Orion we consider it appropriate to ask that the Commission defers its final decision on the USI stage 2 MCP proposal.<sup>4</sup>

While we are confident that our proposal for the Upper South Island should be progressed, we want to provide transparency on how we would proceed with phases of the project given

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<sup>1</sup> [Upper South Island MCP | Commerce Commission](#)

<sup>2</sup> [Orion-Submission-on-Transpower-USI-MCP-draft-decision-17-February-2026.pdf](#) page 2

<sup>3</sup> Ibid, section 4

<sup>4</sup> Under the Capex IM, the Commission may make draft and final decisions in accordance with such timeframes and processes as it considers appropriate. [Capex IM](#) Schedule 8 8.1.1 (3)

uncertainty over the specific need date. As we continue to review demand and generation forecasts, the need date may move in either direction. We will actively monitor this and, if the need date moves out, delivery can be deferred. However, the risk is asymmetric: if the need date is brought forward and approval is not in place, there may be insufficient time to respond. This creates a material risk of being unable to supply the services our customers require, which must be weighed against delivery timing risk.

We intend to submit an update to the MCP proposal to the Commission by May 2026 and will publish the update to our USI application project page.<sup>5</sup> This update will outline:

- the phases of work that are advisable to pursue irrespective of uncertainties regarding the specific need date, such as preparatory design activities and assessment of under-clearance issues related to the preferred option; and
- the capital expenditure activities that may potentially be deferred if the investment need date is extended, including instances where shifts result from efficient utilisation of non-transmission solutions.

By providing these details to the Commission we will show that there are low regret activities that should proceed to reduce delivery risk and allow us to optimise the delivery of this project alongside our other major capex projects and base capex projects. The update will provide further transparency to our customers, consumers and the Commission that we are able to, and if appropriate, will delay major construction work until there is greater certainty around the need date. We have already identified the opportunity to do this through our approach to non-transmission solutions for this MCP.

Yours sincerely

**Joel Cook**  
**Head of Strategy and Regulation**

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<sup>5</sup> [Application to the Commerce Commission for Upper South Island upgrade project | Transpower](#)