wellington electricity

DPP4 reopener application – Moa Point and Eastern Cable Project

March 2026

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1 Application Summary

The purpose of this application is to notify the Commerce Commission of a reopener event in accordance with the Electricity Distribution Services Input Methodologies (Reopeners and Other Matters) Amendment Determination 2025 and seek an amendment to Wellington Electricity Lines Limited (WELL) Default Price Path (DPP).

The reopener event relates to an unforeseeable large project (**the project**), to upgrade electrical infrastructure to provide supply to Wellington City Council's (WCC) Moa Point Sludge Minimisation Facility. The forecast capital expenditure for the Moa Point Electrical Upgrade and Eastern Cable is $14.14m, which is expected to increase tariff revenue by approximately 0.5% per annum, with an overall net impact on the tariffs of other customers of 0.2%.

WELL has been requested to provide a network connection for WCC's new Sludge Minimisation Facility located at Moa Point, Wellington. WCC faces a pressing deadline to bring the new facility into service due to the resource consent for the existing Moa Point sludge management solution is set to expire. By necessity, the new Sludge Minimisation Facility is required to be operational before this time. This timeline constraint is a key driver for WELL's network connection project. Due to the time constraints and criticality of the project to the Wellington region, construction works have commenced on the project prior to the application being submitted. No assets have yet been commissioned.

There are two interconnected projects necessary to meet the Sludge Minimisation Facility connection requirements:

A. **Upgrading the switch room at Moa point for the Sludge Minimisation Facility (Moa Point Electrical Upgrade)**: Establishment of a new 11kV switchroom (S5099) at Moa Point with transformer capacity to supply the Sludge Minimisation Facility; and

B. **Enhancing the supply capacity from Ira Street to Moa Point (Eastern Cable):** Installation of a new 11kV cable from Ira Street Zone Substation to Moa Point to provide the required capacity and initial supply security.

The combined Moa Point Electrical Upgrade and Eastern Cable projects will deliver:

- An increase in capacity to support the Sludge Minimisation Facility process loads (approximately additional 1.6 MVA). The total peak load at the Moa Point site is approximately 4.3 MVA);
- Maintaining the N-1 level of network resilience for the Moa Point infrastructure; and
- The initial phase of the longer-term development of the electrical network in the Miramar Peninsula, (see directly below).

This application demonstrates that the proposed investment from WELL meets the requirements for an unforeseeable large project. The following documents have been provided to support this application.

Table 1 – Supporting documents

Document	Purpose	Location
WCC letter.	Confirming WCC's support for the investment, this reopener application and their agreement to pay the specified capital contribution.	Appendix A of this application

The capital cost sought in this application is $14.14m, as summarised in table 2 below. All costs quoted in this Reopener are in $2026 and exclude GST.

Table 2 – Project scope and costs

Scope item	Project Elements	Element Cost ($ Million)	Element Cost ($ Million)
Moa Point Electrical Upgrade	Project Management and Enabling Works	1.33	
	Feasibility and Detailed design	0.75	
	Procurement	3.16	
	Civil Works	1.40	**10.22**
	Electrical Installation	2.38	
	Property, Contingency, Environmental, Legal and Internal	1.21	
Eastern Cable	Project Management and Enabling Works	0.32	
	Feasibility and Detailed design	0.01	
	Procurement	0.70	
	Civil Works	2.72	**5.22**
	Electrical Installation	0.97	
	Property, Contingency, Environmental, Legal and Internal	0.51	
Total project value for reopener application			**15.44**
Less customer contribution			**1.30**
Total capital expenditure requested			**14.14**

WELL considers that all items could not have been reasonably foreseen due to the project requirements being unknown at the time WELL submitted its capex forecasts for DPP4. In addition, WELL does not consider that it can otherwise fund the investment through its DPP4 allowances since the DPP4 reset allowed for 40% of our proposed capex to be approved in our price path.

2 Background

Sludge from the Moa Point Wastewater Treatment Plant is currently piped to the Southern Landfill where it is dewatered and mixed with general waste at a ratio of 1:4. This practice constrains waste minimisation efforts as the current consent requires maintaining this mixing ratio. Without a new solution in place by June 2026, WCC would face significant waste management challenges with potential environmental and regulatory implications.

The new Sludge Minimisation Facility is planned to be operational by Q1 2026 to meet the June 2026 deadline. WCC has formally requested WELL to provide the necessary electrical connection by Q1 2026 to allow for commissioning and testing prior to the facility becoming fully operational. This timeline is a key consideration for WELL's network development program.

Due to the time constraints and criticality of the project to the Wellington region, works have commenced on the program prior to the application being submitted. No assets have yet been commissioned.

3 The Project

In March 2023, WELL received an initial connection enquiry from WCC for their new $400 million Sludge Minimisation Facility at Moa Point in Wellington; driven by WCC's urgent need to establish an alternative sludge management solution before their Southern Landfill consent expires in 2026.

The existing plant is fed from Ira St zone substation via two 11kV feeders to two transformers and an 11kV board embedded in the Moa Pt plant building. Following engagement from WCC, our initial work has shown that WCC project design did not make sufficient space allowances, and the scope of the project needed to be expanded to build a new and separate substation.

The existing Ira St 11kV feeders cables running along the access and exit roads to the airport were unable to upgraded along the same route to avoid disruption to airport operations. WELL needed to build a new feeder in a new route in addition to the existing airport cables. The new cable route involved obtaining property rights in the road corridor, across land owned by the local golf club, along with land owned by Wellington Airport and land owned by WCC.

The following requirements and constraints:

Load requirement:

- Baseload power requirement of approximately 4.0 MVA with short duration peak demand of 4.3 MVA. The additional load for the new plant is 1.6MW, with the remainder from the existing plant that will remain on site.
- High reliability requirement (N-1 supply security).
- On-site energy generation capability through Combined Heat and Power (CHP) plant (0.5 MVA).

Timeline:

- Completion of network connection Q1
- Sludge Minimisation Facility commissioning period: Q1-Q2 2026.
- Sludge Minimisation Facility operational deadline: Before Southern Landfill consent expiry in 2026.

The existing electrical infrastructure at Moa Point is insufficient to meet these requirements, necessitating significant electrical network upgrades. Furthermore, the timeline constraints required WELL to accelerate the normal development process to meet WCC's operational deadline.

To meet WCC's requirements for the Sludge Minimisation Facility, WELL will implement the following projects.

- **Moa Point Electrical Upgrade**: The establishment of a new 11kV switchroom (S5099) at Moa Point with transformation capacity to supply the Sludge Minimisation Facility. This will supply, a substantial increase in capacity to support the Sludge Minimisation Facility process loads (approximately additional 1.6 MVA); and
- **Eastern Cable:** Installation of a new 11kV cable from Ira Street Zone Substation to Moa Point to provide the required capacity and initial supply security. This will deliver enhanced network resilience through improved supply paths.

Wider context of network

Each of these project elements is shown on the following diagram.

Miramar Network featuring Eastern cable installation

As noted, this application addresses specifically the Moa Point Electrical Upgrade and Eastern Cable components, which are required to meet WCC's immediate connection needs while integrating with broader network development for the area.

Based on the enquiries that we have received in the area, there is highly likely to be a substantial need for additional network capacity into the area. As such the size of the cable installed has been increased beyond the requirements of the Moa Point connection itself. Given that a significant portion of the cable installation costs are in trenching, in WELL's view installing a higher capacity cable is an efficient means for delivering capacity into the area ready for future use.

3.1 Options considered

WELL undertook a systematic approach to evaluate potential solutions for the Moa Point electrical upgrade and Eastern Cable projects. The options were analysed in stages: a broad list was created,

unsuitable options were removed, the remaining options were compared against key factors including:

- Technical feasibility.
- Cost effectiveness.
- Constructability.
- Security of supply.
- Alignment with broader network development plans.

The best options were reviewed in detail by the design consultants and in-house SMEs to ensure the most appropriate solutions were selected.

Options considered for the Moa Point Electrical Upgrade project are presented in table 3 below.

Table 3 – Moa Point Electrical Upgrade Options

OPTION	DESCRIPTION	OUTCOME
Option 1 Base Case - No Change	- Continue with the existing single 11kV feeder from Ira Street.	- **Rejected** due to inadequate capacity and security.
Option 2 Expanded waste-water treatment plant (WWTP) Substation	- Expand the existing Moa Point WWTP switchboard. - Add new 11kV feeders to the existing site.	- **Rejected** due to space constraints and constructability issues with the WCC Sludge Minimisation Facility construction ongoing in parallel.
Option 3 New Dedicated 11kV Switch room at Moa Point	- Establish a new 11kV switch room adjacent to the Sludge Minimisation Facility. - Design allows for future expansion capability.	- **Selected** as preferred option due to capacity, expandability, and alignment with network development plans.

Options considered for the Eastern Cable project are presented in table 3 below.

Table 4 – Eastern Cable Options

OPTION	DESCRIPTION	COMMENTARY
Option 1 Direct Route via Stewart Duff Drive	- Direct cable route along main roads.	- **Rejected** due to cost and constructability challenges including putting cable through a major road.

	- Higher cost due to traffic management and reinstatement requirements. - Disruption to airport operations.	
Option 2 Route via Miramar Golf Course WCC Perimeter (WIAL) /Tukanae Reserve	- Cable route follows the perimeter of Miramar Golf Course. - Reduced traffic management requirements. - Simpler construction methodology.	- **Selected** as preferred option due to lower cost and constructability advantages and timelines. Stakeholder agreements.
Option 3 Route via Residential Streets	- Cable route through residential streets of Strathmore. - More complex traffic management. - Higher community impact.	- **Rejected** due to higher community impact and cost (additional 1.5km cable).

The originally proposed Western cable and associated switchboard upgrade formed part of a wider programme intended to strengthen supply resilience and provide future capacity pathways for the region. This work has been deferred to manage overall project affordability and to maximise the use of existing airport electrical assets.

Deferring the Western upgrade also allows the investment to be aligned with the next major project that requires or benefits from the additional capacity, ensuring the work proceeds only when the downstream need is confirmed.

From tables 3 and 4 above, the combined preferred solution consists of:

- A new Dedicated 11kV Switch room at Moa Point - Option 3 from table 2, (referred to in this document as the Moa Point Electrical Upgrade Project).
- An Eastern Cable Route via Miramar Golf Course Perimeter/Reserve included - Option 2 from table 3, (referred to in this document as the Eastern Cable Project).

This solution provides the optimal balance of capacity, constructability, cost, and alignment with support for future network development.

Using the minimum required cable capacity would have saved approximately $300,000, (5% of the cable component for the project) but would have resulted in additional costs in future.

3.2 Governance Timeline

Critical Investment Committee (CIC) Governance Meetings

3 November 2023 - Gain approval to undertake a detailed design and relocation works of Moa Point

9 April 2024 – The next project phase, following design, estimated to cost $9.8M. Complete design and tender to market for accurate pricing based on the remaining estimate of $30M project cost

15 July 2024 – Endorsement of full business case and presentation of $28M to governance for approval to begin procurement and construction

1 April 2025 – AMP 2025 disclosed that Moa Point (and subsequent upgrades) will cost around $35M

27 January 2026 – Seek approval to submit reopener application. Customers have since requested capacity has been scaled back and results in a project reduction from $37.8M to $15.44M.

11 February 2026 – Governance approved to submit reopener application.

3.3 Project timetable

The high-level timetable for the project is provided below in table 5.

Table 5 – Project timetable

Project step	Delivery date (calendar years)
Detailed design	Q4 2024
Construction commencement	Q2 2025
Procurement of major equipment	Q3 2025
Electrical connection available	Q4 2025
Electrical network work completion	Q1 2026
Construction finishes and assets commissioned	Q1-Q2 2026

3.4 Procurement strategy

All elements of the project have been procured by tender where it is practical to do so, ensuring market prices. Elements which cannot be procured by tender have used an alternative method to ensure the same. These methods include:

- Use of the Quotable Value (QV) of the property as a basis for the amount offered to purchase the land and buildings, through negotiation.
- Pre-negotiated rates for project management costs.
- Benchmarking analysis and/or consultation with an expert for all other non-tendered services.

4 Reopener criteria

WELL is making this application under Electricity Distribution Services Input Methodologies (Reopeners and Other Matters) Amendment Determination 2025, subpart 5, clause 4.5.9, for an unforeseeable large project.

Accordingly:

- When WELL submitted its capex forecasts for DPP4 for the period 1 April 2024 - 31 March 2034 the scope or the cost of the project was not known. As such, it was not possible for WELL to include this project within the forecast that the DPP4 capex allowance calculation is based on.
- The timing of the design and associated engineering has meant that the project is not included within the expenditure forecast included in the 2025 AMP.
- Connection agreement signed in March 2026.

Table 5 in Appendix 1 demonstrates that the relevant unforeseeable large project criteria have been met.

5 Customer capital contribution policy

WCC have made a direct capital contribution to the project this covers direct asset costs in accordance with WELL's customer contribution policy.

WELL's customer contribution policy provides the methodology used to decide:

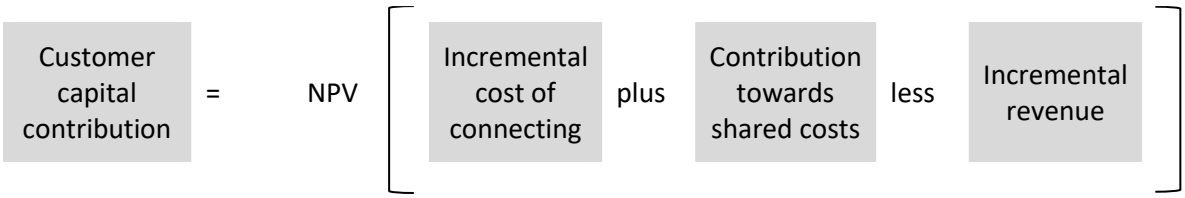
- What proportion of the project costs are included in the customer contribution calculation; and
- What proportion of the costs included in the capital contribution calculation will be paid upfront as a capital contribution, and how much will be funded from tariff revenue over time.

WELL funds the on-going operation of the distribution network including asset replacement and maintenance from tariff revenue. WELL also funds most network growth from tariff revenue.

WCC will pay a capital contribution of $1.3 million, and will pay for $7.2 million of the investment through their direct tariff agreement.

5.1 Connection cost reconciliation

The customer contribution policy provides that the capital contribution will be calculated using the 'C. Complex pricing band' methodology because the connection is equal to or over 1.5 MVA. The capital contribution policy calculates a customer capital contribution as:



6 Impact on future network tariffs

The project is forecast to increase tariff revenue by approximately 0.5% per annum (measured as the increase in revenue that is recovered from customers by network tariffs).

The increase in revenue is calculated by adding the total value of this reopener to the 2025/26 commissioned assets and measuring the change in BBAR before tax for the 2026/27 regulatory year. The percentage change is calculated as the revenue change of $1.1m as a proportion of Forecast Allowable Revenue of $212.9m, which is based on the DPP4 final decision and preliminary cost estimates for pass-through and recoverable costs.

Wellington City Council has made a capital contribution in accordance with WELL's Customer Capital Contribution Policy. This contribution reflects both the dedicated connection assets at Moa Point and WCC's calculated share of the upstream capacity required to supply the new Sludge Minimisation Facility.

The contribution reduces the net cost of the project recovered from other consumers, thereby lowering the tariff impact for the remainder of WELL's customer base.

As WCC is funding a proportion of the upstream assets, the investment will have only a 0.2% impact on network tariffs for all other customers, assuming all other inputs to the tariff-setting process remain constant. The average residential customer on WELL's network is expected to see an increase of 10 to 20 cents on their monthly bill.

7 Next steps and closing

Thank you for taking the time to consider this reopener application. Please don't hesitate to contact us with any questions by email to regulation@welectricity.co.nz.

Appendix 1

The criteria and responses listed in Table 5 below relate specifically to the proposed investment by WELL for the connection of WCC .

Table 6: Input Methodologies clause 4.5.9 Unforeseeable large project

Criteria	Assessment	Supporting evidence
An 'unforeseeable large project' is a project or programme that has a primary driver of meeting demand for- (a) connection capex; (b) system growth expenditure; (c) asset relocation capex; (d) a combination of connection capex and system growth expenditure; or (e) resilience capex,	(d) a combination of connection capex and system growth expenditure. The project integrates with a broader Miramar Peninsula network development plan. This plan presents a coordinated approach to address constraints on the Miramar Peninsula through a series of staged infrastructure upgrades, meaning that other customers will benefit from the additional capacity the system growth capex will provide.	Refer to section 3: The project
(f) the EDB's forecasts used by the Commission for setting the DPP to which the project or programme relates did not include that project or programme;	WELL's forecasts used by the Commission for setting DPP4 did not include the project.	Refer to section 4: Reopener criteria
(g) it was reasonable for the EDB not to have included that project or program in the forecasts;	The timeline for establishing the requirements demonstrates that it was reasonable not to have included the project in the DPP4 capex forecasts.	Refer to section 4: Reopener criteria
(h) the amount of capital contributions to be received by the EDB for the project or programme is sufficient in the circumstances, and is in accordance with the EDB's usual policy on capital contributions;	Capital contributions are sufficient in the circumstances and are in accordance with WELL's customer capital contribution policy.	Refer section 5: Customer capital contribution policy, and also to WELL's Customer Contribution Policy using the hyperlink provided. WCC have contributed to the costs directly attributed to the connection through a combination of an upfront payment and then as an additional tariff component over the term of a connection agreement.
(i) the relevant expenditure specified in subclause (2) for the project or programme exceeds one of the	The $14.14m project cost (net of contributions) exceeds the $2.5m threshold.	

Criteria	Assessment	Supporting evidence
thresholds specified in subclause (3);		
(j) in respect of paragraph (a), an authorised officer of the connecting party has confirmed in writing to the Commission that it is committed to the project or programme;	Not Applicable	Not Applicable
(k) in respect of paragraph (b), the EDB has provided sufficient evidence to the Commission that the project or programme is prudent; (l) in respect of paragraph (c), an authorised officer of a relocation party has confirmed in writing to the Commission that it is committed to the project or programme; (m) in respect of paragraph (d),- (i) an authorised officer of the connecting party has confirmed in writing to the Commission that it is committed to the project or programme; and (ii) the EDB has provided sufficient evidence to the Commission that the project or programme for system growth expenditure is prudent;	A letter from the WCC confirming commitment to the project is included with this application.	Refer to the attached letter to this application.
(n) in respect of paragraph (e), the EDB has provided sufficient evidence to the Commission that the project or programme is prudent; and	The project is prudent because: • The solution selected provides the best long-term benefits to consumers; and • The cost for the selected solution reflects market rates.	Refer to section 3.1 demonstrating that the selected option was the lowest long-term cost option while ensuring that the objectives of the project are achieved. Section 3.3 provides the methodology used to determine that the project cost reflects market prices.
(o) any proposed additional revenue sought will be apportioned by the	WELL's customer contribution policy means that WCC has paid $1.3m in capital contributions and is paying its share of the capacity installed to supply the connection point.	Refer section 5: Customer capital contribution policy. Refer to Section 6 on the contributions made by WCC and the

Criteria	Assessment	Supporting evidence
EDB appropriately between different parties.		remaining costs being recovered from other connected customers.

Table 7, below, is provided for reference to assist the Commerce Commission in its consideration of whether to amend the DPP.

Table 7: Input Methodologies clause 4.5.13 Commission consideration of whether to amend the DPP

Criteria	Comments	Relevant references
(a) the impact of the reopener event given the relevant circumstances, including both positive and negative effects, on the EDB's costs, revenues, and quality outcomes;	The investment for which the reopener event relates is a critical project required by the customer and Wellington City.	Refer to section 3: The project and Appendix A of this application.
(b) the extent to which the DPP provides explicitly or implicitly for the reopener event	The DPP4 determination does not include an allowance for this project. As such, an additional allowance is needed.	Refer to section 3: The project and section 4: Reopener criteria
(c)(i) whether the action required to respond to the reopener event's adverse consequences can be delayed	To ensure that WELL meets the customer's deadline of ensuring that the Sludge Minimisation Facility is operational before the Southern Landfill consent expires in 2026, WELL's assets must be in situ and commissioned in the first quarter of 2026.	Refer to sections 1-3 and Appendix A of this application.
(c)(ii) the extent to which the EDB: (A) contributed to the adverse consequences of the reopener event by its action or omission; and (B) could have prevented or overcome the adverse consequences of the reopener event by exercising reasonable diligence at reasonable cost;	WELL was unable to include this project in its capex forecasts as the scope of the project was not known at the time.	Refer to section 4: Reopener criteria.
(c)(iii) whether the EDB's planned capex and opex for the remainder of the regulatory period have been appropriately reviewed and reprioritized.	No DPP4 allowances are available for this project.	Refer to section 3: The project

Criteria	Comments	Relevant references
(d) whether a CPP proposal is more appropriate than an amendment to the DPP under this subpart.	WELL considers a DPP reopener to be more appropriate than a CPP proposal for the following reasons: - The project addresses a single investment on the periphery of the Miramar Peninsula network development plan. It is **not** part of a network-wide programme requiring wide engagement with consumers and other interested persons. - The likely price impacts to consumers is negligible and is not anticipated to materially impact consumers or the network. - The investment is not large enough nor of sufficient scope to justify a customised price-quality path (CPP) application. - Given the customer's deadlines, WELL is unable to defer investment for this project.	Refer to sections: 1 - Application Summary 2 – Background 3 - The Project 5 - Impact on future network tariffs