Central Park Reopener - ComCom Questions

Question 1: Values in Table 2: Project scope and costs

Table 2 in your application lists the expected costs of the project. Can you please clarify if the values listed are nominal or constant dollars? Please specify the cost inflators used.

Costs are in 2025 dollars

Question 2: Dates in Table 4: Project timetable

Table 4 in your application provides the high-level project timetable. Can you please clarify if the dates provided (quarters and years) refer to calendar years (ending 31 December 20XX) or regulatory years (ending 31 March 20XX)?

These are calendar years.

Question 3: Resilience capex driver

The driver of this reopener is resilience capex. In the first row of Table 5, supporting evidence provided is to external sources ie Transpower's letter of support and the Wellington Lifelines Regional Resilience Project report. Can you please provide links to WELL information (for eg, WELLs AMP or any previous modelling that has been carried out) showing that resilience risk assessment has been carried out by WELL identifying that the proposed capex under the reopener is a resilience risk and meets the definition of 'resilience capex' (as defined in the IMs)?

The risk assessment is in WELL's latest AMP, in chapter 12 (Page 293). Lifelines also included the risk analysis within its 2019 report. Central Park substation was modelled in RiskScape by the Lifelines group, and the report concluded that the project would result in the lowering of the "single point of failure risk at Central Park substation"[1] The Lifelines report can be found here: https://www.wremo.nz/assets/Library/Reports/Wellington-Lifelines-PBC-MAIN-Combined-20191009.pdf.

Question 4: Impact of Transpower's final design (solution study report SSR) on WELL's reopener

WELL has stated that this reopener is subject to Transpower finalising the engineering design work it is undertaking. If Transpower's final SSR differs to the draft SSR that WELL has relied on, how will this impact WELL's proposed solution, ie what are the potential impacts on proposed costs and timelines?

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This would depend on Transpower's final solution. We do not expect material cost differences at this time.

Question 5: Proposed costs

- **Can you please provide more information on the costs presented in Table 2, for example for 'Procurement' what does this consist of and what are the key items at a high-level?**
- **Can you also outline the basis for the development/estimation of those costs?**
- **We note that Table 5 (second to last row on page 10) states that the forecast cost for the selected solution reflects market rates. However, the 'Procurement strategy' section on page 7 implies that market testing is intended to happen rather than has happened and reflected in the proposed costs. Please clarify.**

[redacted]

The estimation of costs was based on recently completed projects with similar activities and estimates from external consultants.

Since the estimated costs are based on recent project experience, we expect that they will reflect market rates. However, we also expect proposals from engineering design consultants and our installation service providers at later stages of the project to provide the most accurate cost estimate for the works. Commissioning would occur in RY 28/29.

The costs presented in regulatory years are:

Scope item	Total cost in $2025 (millions exc. GST)	RY 26/27	RY 27/28	RY 28/29
[redacted]				
Total project value	**$11.5**	**$4.5**	**$6.6**	**$0.4**

Question 6: Options considered

Can you please share at a high-level what the other options were that were considered before the proposed option/solution was selected? We suggest leveraging information that already exists for this purpose, eg extracts from an internal paper or a table showing the options and summarising how the proposed option was selected.

Please refer to the "Alternate Options" below.

The technical requirements for transferring the 33kV circuits from the existing CPK to CPK2 are:

1. The circuits must take diverse routes to avoid common failure modes.
2. There must be a maximum of four circuits in a cable trench – including bus and feeder cables. This physical diversity ensures that a single failure like a cable fire will not damage the remainder of the circuits. It also minimises the risk of Transpower failures (bus cables) from impacting Wellington Electricity's feeder cables, and vice versa.
3. The cable routes must allow for sufficient spacing between cables to maintain appropriate ratings.
4. The cable routes must allow WELL to access and joint into the existing 33kV feeder cables.

[redacted]

Conclusion

Option 4 was selected. The option selection is summarised in the table below.

Table 1: Option Selection Criteria

Option	Technical Requirements	Constructability	Cost	Selection
1	Does not meet requirements	Medium	Medium	Not Selected
2	Does not meet requirements	High	High	Not Selected
3	Does not meet requirements	High	Medium	Not Selected
4	Meets Requirements	Medium	High	**Selected**

Question 7: Evidence of review and reprioritisation of expenditure

Can you please provide information to demonstrate that WELL has attempted to review and reprioritise expenditure to accommodate this project? This could include an overview of your internal prioritisation policies or processes and

information showing the outcomes of those prioritisation policies/processes being applied. Comcom's draft reopener guidance at para 76 outlines the types of information that could assist with our assessment that adequate review and reprioritisation of expenditure has been done.

The overall cost estimate of the project is $11.5 million, staged over three calendar years. Accommodating the CPK2 project within DPP4 would require a deferral of 9-14% of our network integrity projects in 2026 and 2027 regulatory years. The deferral of network integrity projects will elevate the risk of asset failures, increase reliability risk, and result in higher reactive capex and maintenance costs.

WELL considered the deferral of network reinforcement projects to accommodate CPK2 within DPP4. The replacement of the Titahi Bay or Ira Street fluid-filled cables is a similar magnitude project, and deferral would also result in increased risk of asset failure while in service, with similar impacts on reliability, reactive capex and maintenance costs to CPK.

The DPP4 reset allowed for 40% of our proposed capex to be approved in our price path. The proportion of capex supported within the MAR is already constrained and requires extensive prioritization of the existing pipeline.

WELL does not consider that it can replace or reprioritise other projects to enable the delivery of the CPK2 project without negatively impacting on quality outcomes to connected customers.

Question 8: Level of engagement undertaken

Has WELL undertaken any engagement with consumers and stakeholder on the proposed project, what has the overall theme of feedback been from these engagements?

We have engaged extensively with WCC on this over the years, along with extensive involvement in the lifelines group and studies. The level of engagement is summarised in the following which shows the journey on Central Park resilience to date.

We also note that Transpower has engaged with customers during their design process.

The overall timeline of events has been:

2009 – Central Park identified as the 2nd highest risk

- TP CEO (Patrick Strange) informs WELL CEO of CPK Substation's 2nd highest risk status in TP's Risk Register. WELL commit to collaboration.

2010 & 2011 - Wellington City Council engagements

- WELL engages with Transpower, and requests HLR.

- Transpower develops concept designs for high-level options.
- WELL engaged with WCC (Stavros Michael) in 2010.
- WELL and TP met with the WCC CEO and Councillors in 2011.

2014 – RCP2 opportunity missed

- WELL CEO expresses disappointment as CPK is not prioritized in RCP2.

2015 - 2017 – WELL funds for SSR & other reports

- WELL funded SSR and other technical funding to progress the project into the execution phase in 2015.
- TP considers a retaining wall option but deems it uneconomical, as indicated in the BECA report from 2016.
- TP commissions various reports in 2016.
    - AECOM SSR Report
    - OPUS Report - Risk Mitigation
    - Bow-Tie Analysis
    - Fire Protection Hypoxic Trials

2018 – Grid Investment Test Failed

- Conservative use of VoLL resulting in the Grid Investment test failing, as per the Benefit Cost Report
- TP suggests customer consultation.
- WELL disagrees with VoLL usage.

2020-2021 – Grid Investment Test Passed

- WELL and TP engaged the Commerce Commission and Electricity Authority on the use of VoLL for the Grid Investment Test in 2020
- EA Advises to use of updated VoLL, leading to the Grid Investment Test passing in 2021.

[redacted]

Question 9: Contingencies

What cost contingencies have you allowed for in the $11.5m VCA?

The contingency amounts allowed for in the project are item specific, ranging from 5% to 15%.

Question 10: Option Assessment and Approval

Can you please provide supporting evidence which shows that the assessment and selection process of the proposed Option 4 was subjected to internal review and approval within Wellington Electricity? Please leverage existing information you have for this purpose, for example, a copy of the minutes from a board/leadership team/governance or steering group meeting documenting the decision reached or similar.

The following table provides an outline of the process followed internally to evaluate and approve the options for Central Park 2 resilience project.

Date	Event
11 June 2024	Presentation to CE about options
12 August 2024	Presentation from Transpower WE* requested further information from TP
Between August and December	Informal discussions between WE* and TP
5 December 2024	Comments on first version of the SSR provided to Transpower
20 Feb 2025	Version 2 of SSR received from TP
18 March 2025	Preferred cable routes sent to Transpower
9 July 2025	Governance approves options, final proposal and submission of reopener
18 August 2025	CE approves submission of reopener to Commission