



TRANSPOWER

Keeping the energy flowing

Transpower House
96 The Terrace
PO Box 1021
Wellington 6140
New Zealand
P 64 4 495 7000
F 64 4 495 7100
www.transpower.co.nz

Stephen Jay
Tel: 04 590 6897
stephen.jay@transpower.co.nz

18 November 2014

Nicola Mitchell
Senior Analyst
Regulation Branch
Commerce Commission
P O Box 2351
Wellington 6140

Dear Nicola,

Revision to amendment to the approved major capex project outputs and increase in the major capex allowance for the USI Reliability Stage 1 Project

In August we submitted an amendment to the USI Stage 1 project (**amendment**). To provide further clarity to that amendment, we are changing the outputs provided in 4.1 of our amendment document. The major capex outputs are now as follows (with changes from the approved Stage 1 project shown in red):

[Bus Coupler:]

- a new 220 kV bus coupler and associated switchgear at Islington substation. [Complete] The bus coupler and switchgear are incorporated into the Christchurch Reactive Power Controller (RPC) scheme; [Not Complete]
- an additional discriminating zone (zone F) for the Islington 220 kV bus bar protection; [Complete]

[Load Monitoring:]

- 10 load monitoring units installed in substations in the Upper South Island; [Complete]
- an Upper South Island motor load VoLL investigation completed [Not complete].

[Orari Design:]

- solution study reports on two different configurations for Orari switching station, including cost estimates within +/- 30%; [Complete]

- ~~the initial stage of a detailed solution for the preferred Orari switching station configuration; and~~ [REMOVED]
- an area stage report of the transmission line route selection process, being the initial step in obtaining the required designation/consents [Complete - this is the Boffa Miskell Report].

[Amendment:]

- undertaking ~~preliminary processes~~ substation, lines and site planning necessary for obtaining designations and easements necessary for Orari and Rangitata switching stations;
- obtaining designations for substations at the two sites, and any transmission line realignments at each site;
- purchasing land at Rangitata for the second switching station;
- purchasing easements for any transmission line realignments at each site; and
- transferring ~~the final costs~~ of land ~~(after subdivision of land not required for transmission services)~~ and easements required for the two switching stations and line realignments at Orari and Rangitata, to the regulated asset base.

In addition to changing the major capex outputs, we are also changing the request for the total major capex allowance (MCA). The table below shows the revised MCA amount.

New Values				Changes from amendment submission	
				P50	P90
Existing Outputs	Bus Coupler and Load Monitoring	\$ 2,140,000	\$ 2,250,000	-\$ 410,000	-\$ 600,000
	Orari Design and Preliminaries	\$ 360,000	\$ 360,000	\$ -	\$ -
New Outputs	Investigation	\$ 370,000	\$ 380,000	\$ 10,000	-\$ 20,000
	Substation Planning	\$ 130,000	\$ 150,000	\$ -	\$ -
	Lines Planning	\$ 490,000	\$ 510,000	\$ -	\$ -
	Designations	\$ 940,000	\$ 1,210,000	\$ -	\$ -
	Existing Property	\$ 730,000	\$ 940,000	-\$ 750,000	-\$ 540,000
	New Property and Easements	\$ 600,000	\$ 900,000	\$ -	\$ -
	Project Management and Site Investigation	\$ 230,000	\$ 350,000	-\$ 160,000	-\$ 70,000
	Inflation	\$ 100,000	\$ 180,000	-\$ 10,000	-\$ 10,000
	IDC	\$ 480,000	\$ 760,000	\$ 80,000	\$ 80,000
	Total	\$ 6,570,000	\$ 7,990,000		
Less Approved Funds		\$ 4,510,000	\$ 4,990,000		
Total Requested		\$ 2,060,000	\$ 3,000,000	-\$ 1,240,000	-\$1,150,000

Please let me know if you have any queries.

Yours sincerely



Stephen Jay
General Manager, Grid Development