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Alex Sim
Commerce Commission
44 The Terrace
PO Box 2351
Wellington 6140

Dear Alex

Upper South Island Reliability Major Capex Proposal

Please find our Upper South Island Reliability Major Capex Proposal (MCP) attached.

This is the first investment proposal we are submitting in accordance with the Transpower Capital Expenditure Input Methodology Determination, dated 31 January 2012 (the Capex IM).

Our investigation has identified the need for investment to maintain a reliable supply of electricity for the upper South Island region. This MCP proposes installation of a new 220kV bus coupler at our Islington substation, remedial works to improve the resilience of our Islington substation, installing equipment to allow for improved analysis of system performance in the upper South Island and preliminary funding for a new transmission facility at Orari, near Geraldine.

The investigation has been conducted in accordance with the Capex IM and we consider the proposal meets the requirements to satisfy the Commission that it can approve the proposal.

We look forward to your consideration of this MCP and will be happy to answer any questions the Commission may have.

Regards



John Clarke
General Manager, Grid Development
Enclosure