



28 May 2024

Transpower
By email: nzgp@transpower.govt.nz

HVDC Stage 1 Enhancement Project Analysis – NZGP 1.1

Meridian welcomes the opportunity to comment on Transpower's analysis supporting the HVDC Stage 1 Enhancement Project.

Meridian agrees that the HVDC link is a crucial piece of New Zealand's electricity infrastructure that fulfils many roles, including:

- enabling diversity of electricity supply;
- promoting supply competition;
- helping to supply the South Island during dry years;
- helping to supply the North Island during winter peaks;
- enabling a national reserves market; and
- enabling frequency keeping shared between islands.

Meridian strongly supports Transpower proceeding with the major capex investment in a static synchronous compensator (STATCOM) and related works on the HVDC link to increase the available transfer capacity from a historical average of 1070 MW to almost 1200 MW. Meridian agrees that this investment is likely to have significant benefits to consumers, regardless of whether the aluminium smelter at Tiwai remains in operation after 2024.

The modelling approach, assumptions, and results of Transpower's analysis appear broadly reasonable. The result of the expected net benefit analysis indicate that positive net benefits can be expected from the HVDC investment across all five EDGS scenarios and a range of

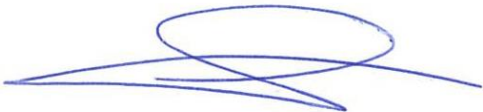
sensitivities. This aligns with Meridian's view of the consumer benefits of this project. We also agree with Transpower that the results should be considered conservative since reserve sharing benefits have not been included.

Meridian looks forward to Transpower progressing with this investment and appreciates that it is part of a wider programme of core grid investments that will help to enable a more renewable power system. We expect to be allocated a large portion of the costs associated with this HVDC investment under the Transmission Pricing Methodology. However, that does not diminish our support for the investment as we consider the benefits will outweigh the costs.

We also look forward to considering Transpower's consultation paper later in 2024 on the work to replace the existing submarine cables and merits of a fourth submarine cable to increase northward capacity to 1,400 MW.

Meridian would be happy to discuss the contents of this submission. Please contact me if you have any queries.

Nāku noa, nā



Sam Fleming
Manager Regulatory and Government Relations