



29 April 2026

Commerce Commission
By email: infrastructure.regulation@comcom.govt.nz

Draft decision on Transpower's HVDC Stage 1 Major Capex Proposal (MCP)

Meridian appreciates the opportunity to comment on the Commerce Commission's draft decision to approve Transpower's HVDC Stage 1 MCP proposal. Meridian continues to support this project in principle.

Meridian agrees with the Commission's draft decision that the HVDC Stage 1 MCP project will promote the purpose of Part 4 of the Commerce Act. While Meridian has not assessed in detail the modelling of benefits undertaken by Transpower, or carried out its own modelling, the finding that Option 3 (the 1400 MW four cable option) would provide the highest net electricity market benefit and economic benefit is unsurprising and consistent with Meridian's expectations of what the project should deliver.

Meridian trusts that the Commission has thoroughly scrutinised Transpower's modelling of benefits and the range of cost estimates for the project.

Meridian strongly supports the Commission's decision to retain the P30/P70 cost estimate deadband on the incentive mechanism and retain the exempt major capex mechanism. Meridian agrees with the reasons paper that contingent costs (such as weather-related cable installation costs and cable route uncertainty) should be exempt major capex and that Transpower should not be rewarded via the incentive mechanism for not spending a contingent amount. Electricity market participants and consumers should not have to pay Transpower more simply because it happens to be calm and sunny when this work is carried out.

Meridian notes the Commission’s reservations regarding the final cost of cable termination stations (at paragraph D44) “as Transpower has yet to fully decide on a new building site for the Oteranga Bay termination.” Meridian reiterates that outages caused by salt spray buildup on insulators at the current site result in significant market impacts and costs. We have seen that Transpower is considering use of more pollution-resistant equipment, including longer and larger HV bushings, application of anti-salt buildup coatings, permanent washdown facilities, and a seaward-facing screen to protect roof bushings.¹¹ However, Meridian looks forward to clarification on whether these measures would mitigate the outage risk and how the costs and benefits compare to any potential building sites further inland. Meridian hopes that Transpower is considering options that will be resilient to climate change given the likely increase in storm events (and therefore sea spray) in future. Once a decision is made on the design and location of the termination station, the market should be updated so there is a common understanding of whether these outage risks remain.

While it is not strictly a matter for the Commission, Meridian notes its concerns regarding the transparency of cost allocations (should this MCP be approved) under the Transmission Pricing Methodology’s Benefit Based Investment framework. Several submitters on the short list consultation raised similar concerns. Transpower’s response that it would consult on cost allocations after the approval of the MCP is unsatisfactory. Transmission customers will pay for the HVDC Stage 1 MCP and an early indication of the potential allocation of costs would help to inform transmission customers of how invested they should be in Transpower’s consultations and the Commission’s MCP process.

Meridian looks forward to the Commission’s final decision on Stage 1 and further consultation regarding the remaining stages.

Please contact me if you have any queries regarding this submission.

Nāku noa, nā



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