



NZX Disclosure
Friday 13 December 2024

Transpower secures cables, ship and installation for Cook Strait project

Transpower today announced it has secured global cable solutions supplier Prysmian to replace its high voltage direct current (HVDC) submarine electricity cables that link the North and South Islands.

Acting Chief Executive John Clarke said securing a supplier to manufacture and install the cables is a significant milestone for Transpower's future work programme.

"Replacing and enhancing ageing electricity infrastructure is a priority for Transpower, ensuring New Zealanders can rely on a secure electricity supply even as electricity use grows," Mr Clarke said.

The existing cables reach the end of their expected 40-year life in 2032 and require replacement to ensure bulk electricity – as much as 15% of New Zealand's power use – can be transferred reliably between the two islands.

Replacement cables are a once-in-a-generation investment and will safeguard inter-island power transfer for another 40 years, following expected installation in 2031 and commissioning in 2032.

Mr Clarke continued, "While it is some time before these cables will be produced and delivered, constraints in the supply chain require us to secure a supplier now to ensure Aotearoa will have new cables when they are needed.

"The scope for the cable, ship and installation costs is around \$450m. The agreement signed today is for an initial deposit that reserves the cable manufacturing, the ship, and the experts to install the cable. This ensures the project will go ahead.

"Negotiations on those costs will continue next year and we will be consulting with industry about the wider project, which we will submit for regulatory approval to the Commerce Commission.

"This will be a significant project for our sector, even among the major works Transpower and others are undertaking to support the replacement of ageing infrastructure and the growing demand for electricity."

Submarine HVDC cables are in high demand internationally as offshore wind generation and submarine grid interconnection demand grows significantly. With a limited number of suppliers, large projects frequently book out years of cable manufacturing capacity at a time. The number of specialist ships capable of installing electricity cable on the 250m deep seafloor of Cook Strait is also limited.

"Prysmian is a global leader in the manufacture and installation of submarine HVDC cables. This partnership underscores Transpower's commitment to leveraging the expertise required to meet our unique country's infrastructure needs," Mr Clarke added.

“Prysmian will manufacture the replacement cables at its manufacturing centre in Italy before shipping them to New Zealand in a specialist cable-laying vessel and installing them across Cook Strait.”

Detlev Waimann, Chief Commercial Officer Transmission BU at Prysmian, added, “We are happy to make available our 360° turnkey solution for such a strategic project, deploying our solid cable technology with state-of-the-art proprietary PRY-CAM monitoring system. We are looking forward to our collaboration with Transpower on this pivotal project. Our team is committed to delivering a high-quality solution that will support New Zealand’s energy future.”

Transpower has consulted with the electricity industry twice in 2024 about the future role of the HVDC link and the options for replacement, and provided regular updates throughout the year as procurement timelines became clearer.

A full consultation, including on other potential aspects of the replacement project, is expected in the first half of 2025.

Following that consultation, Transpower will seek regulatory approval through the Commerce Commission for its proposed final project. The Commerce Commission will scrutinise the proposal under its Major Capex Proposal process, giving New Zealanders confidence the investment is required and that they are receiving good value from Transpower.

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