

## Disclosure statement

5 November 2020

### Work on voltage management project to commence

Transpower has announced it will commence work on the first phase of its Waikato Upper-North Island Voltage Management (WUNIVM) project.

The project received Commerce Commission approval in late September 2020 allowing Transpower to recover up to \$143m of investment to manage voltage stability in the Waikato and Upper North Island regions.

The work is needed to manage potential changes in either generation or demand in the region.

The first phase will see the installation of a grid stability device at Transpower's Hamilton substation costing approximately \$60m.

General Manager Grid Development John Clarke said the company's decision to proceed with part of the approved investment despite uncertainty in the electricity market, was a complex one.

"The issue under debate is when to invest. The investment challenge is complex when considering both prospective generation changes from the Huntly Power Station, and demand growth in the region," he says.

"Given these uncertainties, the potential for a significant reduction in generation at short notice, and the lead times for investment, we plan to proceed with the first phase, one grid stability device at Hamilton with a target commissioning date of winter 2023.

"This plan reduces risk by addressing voltage stability needs should regional thermal generation reduce, and demand increase as forecast."

"Transpower needs 30 months to install the equipment. By starting now with the first of two phases in our overall project, we can adequately manage risk to electricity supply by winter 2023 and the following one to two years."

The need and timing of the subsequent second phase, a second device at Otahuhu, will be reviewed when there are confirmed changes to either the output from Huntly or demand for electricity in the wider Waikato and Auckland regions. It is unlikely to be required before winter 2025.

Mr Clarke says Transpower has also spent the past six months exploring "non transmission solutions" with interested parties. These are potentially lower-cost options to installing devices at Hamilton and Otahuhu.

"We have been unable to secure a lower-cost option that can also deliver the technical performance required for the first phase. The potential, however, remains for a non-transmission solution to be an option for the second phase, when it proceeds".

ENDS



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Waikoukou  
22 Boulcott Street  
PO Box 1021  
Wellington 6140  
New Zealand  
P 64 4 495 7000  
F 64 4 495 6968  
[www.transpower.co.nz](http://www.transpower.co.nz)

**For further information, please contact:**

Deborah Gray, Corporate Communications Manager, 021 624 170