

Transmission to enable renewables

Project Overview

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17 December 2007

Background

- The New Zealand Energy Strategy has set a target of 90% of electricity being generated from renewables sources by 2025 to reduce greenhouse gas emissions.
- Transmission investments which are needed to support remote renewable generation investment appear to be a current concern with some stakeholders.
- Commission expects that the current Part F rule framework can provide support for the integration of renewables and has initiated a “transmission to enable renewables” project to better understand these concerns.

Project overview

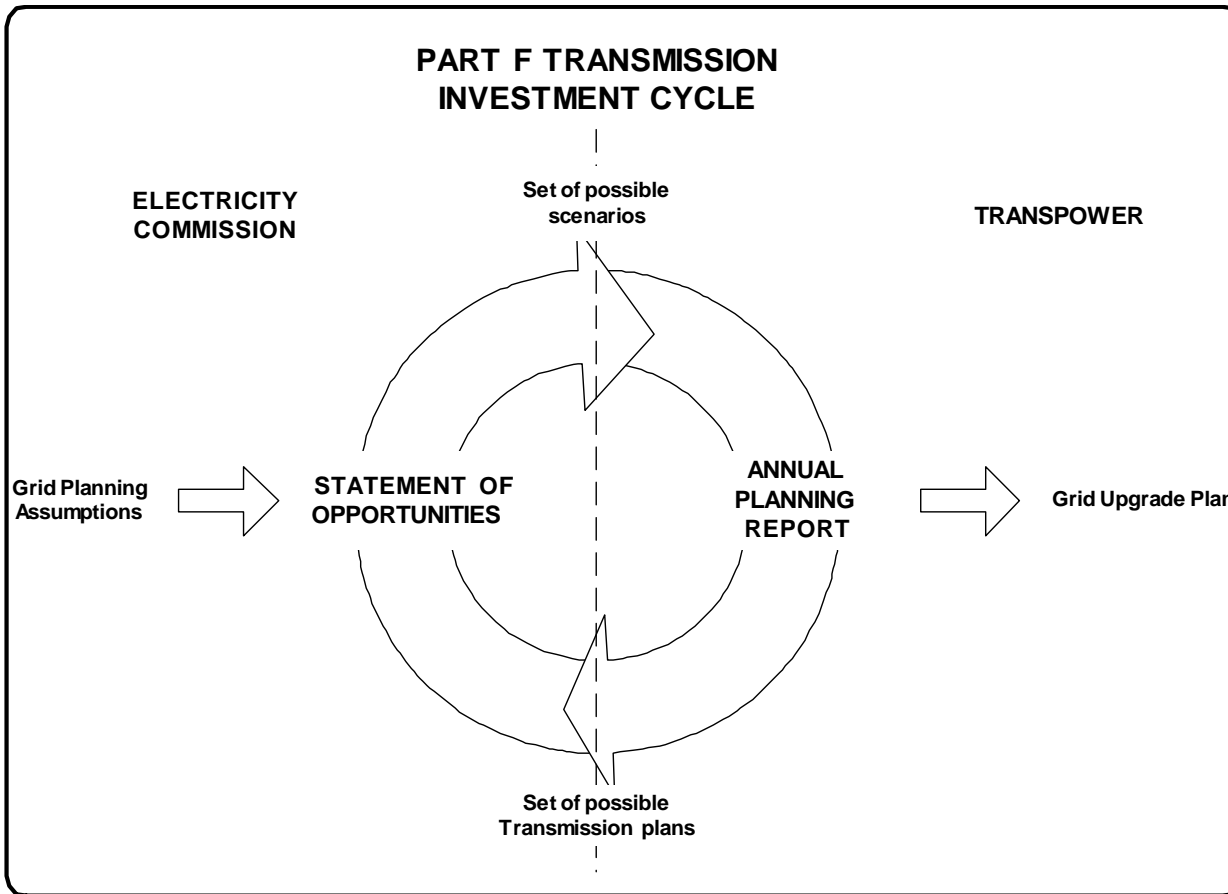
- The first step of this project consists of constructing a 'resource map' of possible wind, hydroelectric, and geothermal generation.
- The Commission has engaged:
 - Connell Wagner to produce a report on wind generation; and
 - Parsons Brinckerhoff Associates (PBA) to produce a report on hydroelectric generation.
- The Commission's modelling team has prepared a short report on existing and potential geothermal generation using publicly available information.
- Draft reports published for comments on 5 December 07 (consultation closes on 1 February 08).

Project overview – cont.

- The purpose of the workshop is to:
 - present the preliminary results; and
 - provide participants with an opportunity to comment on the results and also on the approach the Commission has taken.
- The project will also investigate whether there are likely to be economic transmission investments that Transpower could progress through Part F to support the development of renewable generation. This includes:
 - consideration of the advantages of Transpower seeking designations at an early stage for new transmission lines;
 - whether there is a case for rule change; and
 - identify and provide information on any other barriers (e.g. RMA and property issues).
- Both Transpower and the Commission are concerned about the risk of creating stranded assets and the additional unnecessary costs these would impose on consumers.

Statement of Opportunities (SOO)

- The work completed under this project is a precursor to the 2008 SOO and will feed in the Grid Planning Assumptions.
- The GPS requires that a SOO be published at least biennially.
- First SOO published in 2005.
- Work on the second SOO was put on hold to allow more time to incorporate the impact of the New Zealand Energy Strategy as it was finalised and because of uncertainties such as the impact of any carbon charging regime.
- The SOO is required to contain:
 - the Grid Reliability Standards;
 - the Grid Planning Assumptions; and
 - an analysis of the performance of the power system against the GPAs and the GRS



Project Timeline

5 December 07	Draft reports publish for comments
17 December 07	Stakeholders workshop
1 February 08	Comments period end
12 March 08	Draft published for consultation
9 April 08	Consultation completed
13 May 08	Document finalised and published

Summary

- Concern that the current framework in place for transmission might create a barrier to investments in the grid.
- Commission is initiating a project to better understand those issues.
- The work will feed into the generation scenario which will be used for the next SOO.

- QUESTIONS?