25 March 2026

Transpower
22 Boulcott St
Wellington 6011
By email: feedback@transpower.co.nz

Tēnā koe,

Te Kanapu consultation 3

We welcome the opportunity to provide feedback on the third consultation of *Te Kanapu*. We strongly support New Zealand's net-zero 2050 target, but we believe we must grow to zero. Our transition is important and inevitable, but it must deliver a system that is secure, affordable, and supports economic growth so that we can afford to adapt to a changing climate.

We thank Transpower for revising the potential scenarios in Consultation 3 to include more plausible, reduced demand forecasts for data centres, electric vehicle (EV) uptake, and sustainable aviation fuel (SAF) production. Grounding these models in credible assumptions behind the future grid pathways will build broader acceptance of the need for future investment.

That said, we are concerned that modelling high-electrification pathways risks understating the evolving and essential role of gas in our energy system. While electrification is a core strategy for decarbonisation, pathways must be fuel and technology agnostic. The goal is economy-wide emissions reduction, not energy sector emissions reduction in isolation.

Historically, our domestic natural gas fields have provided a secure supply that enabled electricity affordability and security. As we transition, gas will remain critical. Assuming a forced and premature phase-out of fossil fuels without guaranteed, affordable firming alternatives risks planning for a pathway that will not have popular support.

Our observations on the scenario development are:

Social licence depends on a secure and affordable transition

- Care is needed not to prioritise sustainability at the expense of affordability and security, as the energy system will become too expensive and unreliable for popular or political support
- Credible scenarios will leverage our clean energy advantage to grow our economy; if we fail to maintain internationally competitive and affordable energy, we will deindustrialise.

Modelled fuel switching must be economic	• Modelled transitions must be driven by market economics rather than forced substitution • The pace of the transition will be set by customers and markets competing in a global context • Assuming thermal exit before viable, large-scale alternatives exist, is not credible as it assumes that consumers accept the physical and economic risk of an insecure and expensive electricity supply.
There is value in quantifying the benefit of energy sovereignty	• Secure electricity generation will require a portfolio of diverse energy resources • The decline in domestic gas supply has increased New Zealand's energy resilience exposure to imported options, both coal and potentially LNG • Quantifying the impact of global supply chain disruption would be a valuable input to the national policy debate on firming electricity generation to inform future grid pathways.

We provide answers to the three questions in Consultation 3 below. We're fully supportive of Transpower's initiative in leading the development of future grid pathways to support a least cost and secure energy transition and always keen to support Transpower and discuss our perspectives. Please contact Emma Wilson (Emma.Wilson@powerco.co.nz) any time.

Nāku noa, nā,

Emma Wilson
Head of Policy, Regulation and Markets
POWERCO

1 Regarding our scenarios, do you have any further observations you wish to raise?

We support scenarios that reflect ambition and economic growth, but they must be reflect a balance between sustainability, affordability and security. Scenarios such as the *Global Green Rush* feature a rapid and deep transition away from oil, gas, and coal. Ambitious scenarios must preserve optionality to be credible. If the scenario assumes that gas supply contracts faster than electrification infrastructure expands, it will describe a politically intolerable system where high prices may force industrial exit.

2 Regarding our assumptions, do you have any observations or feedback you wish to raise?

Revising down the demand assumptions for EVs, SAFs, and data centres provides a much more credible baseline. Transpower's assumptions must explicitly recognise the scale of "non-transmission" flexibility solutions to defer or avoid grid augmentation capex that sit within distribution networks, rather than directly connected to the transmission system.

3 What sort of information would you like to receive from us over the coming months as we develop our draft future grid blueprint?

We appreciate the openness and transparency in the process Transpower has followed to date in developing *Te Kanapu*. Continued transparency around the scenarios, assumptions, sensitivities and outcomes will be important.

As Transpower develops its pathways, there would be value in using the blueprint to quantify:

- The consumer cost implications under each pathway to ensure the transition remains affordable
- The value of co-optimised flexibility procurement for Non-Transmission Solutions with embedded EDBs
- The risk of depending on imported energy (whether LNG or coal) to provide dry year security over domestic supply.

New Zealand has an extraordinary endowment of renewable energy resources, and our energy system is the solution, not the problem. To afford to mitigate, adapt, and self-insure against an uncertain future, we must grow our economy.