



Office of Hon Tony Ryall

Minister of Health
Minister for State Owned Enterprises

- 7 MAY 2012

Mr John Adams
24 Greens Road
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PALMERSTON NORTH 4472

Dear Mr Adams

Thank you for your letter of 3 April 2012 to me and Hon Phil Heatley, Minister of Energy, regarding the proposed transmission line for the Puketoi, Waitahora and Castle Hill wind farms. As this issue falls within my portfolio responsibilities, I have been asked to respond. Please accept this response on behalf of Hon Heatley too.

I regret that I am unable to directly assist with this issue as, under the State Owned Enterprises Act 1986, my responsibility as Minister for SOEs does not extend to the operation of an SOE. In accordance with section 5(2) of the SOE Act, matters of an operational nature, are legally the responsibility of SOE boards.

However, I appreciate your concerns and have spoken to Transpower to gain some insight into this issue. The New Zealand power system can accommodate the proposed new wind generation (1700 MW installed capacity) in the Manawatu and Wairarapa Districts. There may be limits to how much can be dispatched at particular times – this is not unusual as there are always constraints on how much generation across New Zealand can be dispatched at once. However, the System Operator will only dispatch as much of that generation as the power system can securely accommodate.

The new wind generation improves the security of New Zealand's energy supply, and the power system also benefits from having a variable portfolio of generation in terms of its type and location. The National Grid makes that economically possible.

Transpower procures an ancillary service (frequency keeping) to maintain power system frequency within acceptable limits. The historic cause of the need for frequency keeping is the variability of electricity demand from minute to