



MAJOR ELECTRICITY USERS' GROUP

4 August 2006

Jenny Walton
Electricity Commission
By email to info@electricitycommission.govt.nz

Dear Jenny

Submission on Notification of Temporary Security Constraints

1. This is a submission by the Major Electricity Users' Group (MEUG) on the Electricity Commission (the "Commission") consultation paper, *Notification of Constraints*, 22 June 2006. In this submission references to a "constraint(s)" mean temporary security constraints and not permanent constraints or frequency keeping constraints.
2. MEUG agree publication of constraints will be welfare enhancing and the costs of implementing the proposal are very small in comparison. On the detail of the proposal:
 - a) MEUG has concerns on the overly generous time given to the System Operator to notify the market;
 - b) MEUG has concerns should the Commission have any doubt about providing this information on an easily accessible free-to-air basis; and
 - c) MEUG suggest that Customer Advice Notices (CANs) can be improved by listing any prior constraint details as well as the new constraint.
3. The above points are expanded on in the appendix.
4. Elliston Power Consultants has reported to the System Operator (report dated April 2006) on a review of security constraint processes. The recommendations in that report will also affect temporary constraints and to that extent should be implemented as supplementary improvements to the proposals in the consultation paper.
5. The consultation paper did not ask for comment on publishing Frequency Keeping Constraints. MEUG believe this is an important issue and agree with the proposal in the consultation paper¹ that the question of publishing Frequency Keeping constraints should be considered as part of the separate work on Frequency Keeping Issues.

Yours sincerely

Ralph Matthes
Executive Director

¹ Refer paragraph 85 of the consultation paper.

Appendix

	Question	MEUG comment
Q1	Do you agree with this problem definition? If not, why not?	Agree with problem definition.
Q2	Do you agree that an appropriate time delay between application of a temporary security constraint and its publication is one hour? If not, what is an appropriate time delay? Please give your reasons.	<p>No. One hour seems overly generous compared to other real time services provided by the System Operator to the market. As most of this should be automated even a timeframe of 5 minutes is generous.</p> <p>Perhaps a survey of international practice in regards to notification of constraints might resolve this?</p> <p>If the issue for the System Operator is the reliability of the channel(s) to communicate to Market participants and the public, then that is a matter of where responsibility for relaying the information transfers from the System Operator to the Market Information System (MIS) or other service provider. This is covered in reply to question 6 below.</p>
Q3	Do you agree with this assessment of the Proposal against other option? Are there any other benefits or costs you would add? Can you provide some quantification of your own anticipated costs or benefits under either option?	All feasible options have been considered and MEUG agree the proposal is the best option. The benefit of better decision making by market participants as a result of improved access to constraint information is likely to be much larger than the cost of implementing the proposal.
Q4	Do you agree that the information should be published on a publicly accessible website? Why or why not? If so, should a password be required to access the constraint data? Please explain your reasons?	<p>Yes, all information available to Market Participants should be available free-to-air to the public including CANs.</p> <p>As the consultation paper notes there is already detailed information on 5 minute pricing that hasn't generated significant inquiries from the general public. MEUG believe the same will apply if constraints are published by the System Operator either on the System Operator web site or another free-to-public channel such as COMITfree. Therefore MEUG disagree with any need to vet free-to-public information with the use of passwords.</p>
Q5	What benefits, if any, do submitters believe there are in publishing to participants, alternative ways of representing constraints?	<p>Publication of CANs by fax and emailing the fax as a .pdf attachment should be reviewed as it's not that useful for parties that don't have access to the MIS. For participants such as MEUG members, CANs are useful as a flag when a large event has or is going to occur, and then the end user uses other information channels to get more details on the event to assess how they should respond. A more succinct email message would be better than the existing .pdf format.</p> <p>CANs should include both the new constraint as well as noting any prior constraint equation that it replaces. Being able to view on one email the extent of the change in the RHS side of the constraint equation is a very simple flag for end users to track.</p> <p>MEUG support the option of publishing the tool used by System Operator staff to visualise constraints² because the market will benefit from the increased level of information and analysis and the cost of publication are likely to be small relative to those benefits.</p>
Q6	Do you agree with this assessment of the use of 'reasonable endeavours'? Why or why not?	<p>The System Operator should be accountable for transfer of information to the MIS service provider and to the service provider responsible for free-to-air publication. Those two service providers should in turn be accountable for service standards and reliability of their communication channels.</p> <p>Therefore MEUG agree with the Commission preference set out in paragraph 88 a) of the consultation paper.</p>

² Refer paragraph 82 of the consultation paper.