



MAJOR ELECTRICITY USERS' GROUP

4th October 2006

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

Dear Jenny

Duplicate Protection Rule Amendment Proposal (Technical code A of Schedule C3 of part C of the Electricity Governance Rules 2003)

1. This is a submission by the Major Electricity Users' Group (MEUG) in response to the Electricity Commission's (the "Commission") invitation for submissions on the duplicate protection rule amendment proposal. The invitation is undated.
2. MEUG has briefly examined the proposal document and notes that the paper has been prepared in consultation with the Common Quality Advisory Group (CQAG). MEUG has also briefly examined the Agenda Papers and Minutes of CQAG meetings at which the topic of Duplicate Protection was discussed. MEUG is aware of the "Review of Interim Dispensations and Common Quality Development," dated May 2004 by Concept Consulting Group and Pro *Techtion* Report dated December 2004.
3. It is not clear to MEUG that all the concerns identified by CQAG have been addressed in the proposal document although the commentary in paragraphs 25 to 28 is noted. Issues around the clarification of definitions, in particular the interpretation of the word "separate" appear to be ongoing. The CQAG also raised the issue of costs, including the cost to asset owners as well as the costs being met by the national grid owner.
4. Some confusion continues around the term "on each side of the grid interface" and how "that asset owner" and "the asset owner" differentiates between the grid owner and other assets owners such as generators or industrial consumers.
5. From a MEUG viewpoint the benefits of any proposed rule changes need to be clearly proven. This requires that any cost benefit analysis must be robust and clearly demonstrate that the rule changes will provide material benefits to directly connected (and indirectly connected) parties. In this specific case it appears that the benefits of reduced risks of cascade failure are difficult to calculate as the some of the non-compliant assets will in effect be "grandfathered."

Yours sincerely

Terrence Currie
Chairman