



MAJOR ELECTRICITY USERS' GROUP

21 December 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 dated 7th December 2006.
2. MEUG has briefly examined the "second round" document and acknowledges the early consultation proposal which had been prepared in consultation with the Common Quality Advisory Group. MEUG has also briefly examined the first round submissions made by Contact, Genesis, Meridian, Vector, Transpower and Rio Tinto Aluminium New Zealand (formerly Comalco). MEUG is aware of a paper on duplicate protection which was considered by the CQAG at its meeting on the 14th of December.
3. The amended proposals for rule changes still leave some asset owners in doubt as to whether they fully comply with Part C Schedule 3 Technical Code A of the Rules. The Code should be sufficiently prescriptive for asset owners to determine self-compliance. However if the rules remain ambiguous an asset owner should be able to request from the Commission a determination whether the protection systems are in accordance with the Technical Code. This "right" to seek a determination should be prescribed in the Rules.
4. MEUG notes that the Commission has endeavoured to avoid imposing "unnecessary expenditure" by asset owners and in particular the changes made to requirements re busbar protection removes some onerous cost obligations from the grid owner. However it is not clear that the Commission has stringently followed this policy through in respect of other asset owners. For example it appears that in a limited number of circumstances the duplicate protection objective is met through a combination of protection measures owned by two different asset owners. A literal interpretation of the amended rule proposal could involve at least one and potentially two asset owners being obligated to install back-up systems thereby providing four lots of protection in respect of the one "grid interface." MEUG does not believe this is the intention of the amendments and dialogue with Commission staff has indicated that this anomaly could be dealt with via the asset owner seeking "dispensation or equivalence." This option or "right" is not referred to in Rule 4.4 of the Code so it would appear some further amendments are necessary to ensure that asset owners understand what their obligations are and how those obligations may be met.

PO Box 8085, Level 8, Wakefield House, 90 The Terrace, Wellington, New Zealand
T +64-4 494 0996, F +64-4 494 0997, info@meug.co.nz, www.meug.co.nz

5. MEUG does not believe that this rule change should proceed while there remains some confusion over the outcomes of the amendments.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Terrence Currie', is written over a horizontal red line. The signature is stylized with a large, loopy initial 'T'.

Terrence Currie
Chair