



# MAJOR ELECTRICITY USERS' GROUP

15 October 2009

Kate Hudson  
Electricity Commission  
By email to [submissions@electricitycommission.govt.nz](mailto:submissions@electricitycommission.govt.nz)

Dear Kate

## **Submission on proposed availability and reliability index measures – interconnection asset services**

1. This is a submission by the Major Electricity Users' Group (MEUG) on the Electricity Commission (Commission) consultation paper Proposed availability and reliability index measures – interconnection asset services, released 24<sup>th</sup> September 2009<sup>1</sup>.

### **General comments**

2. The proposal set out in the consultation paper appears to be in line with the requirements of the Electricity Governance Rules (Rules).
3. The provision of assets is a key service definition component under the current Transmission Agreements and the index measures provide some way in which transmission customers can gain a view on Transpower's performance in meeting its contractual obligations. The Commission could have considered how transmission customers use the index measures and the value they derive from them to establish potential benefits. If as, the paper suggests, derivation of "these benefits to grid users is uncertain" then this brings into question the relevance of this input based service definition.
4. In previous submissions to the Commission MEUG has expressed the view that transmission service measures should, where possible, be output based and meaningful to transmission customers. The difficulty that the Commission has found in establishing benefits for the options assessment may suggest that the input based index measures do not provide a good measure of the service actually required by transmission customers.
5. Notwithstanding the above MEUG agrees that the least cost option should be chosen if there is no clear benefit attributable to the more expensive option.
6. There appears to be a small error in paragraph 3.1.2 as Transpower has proposed index measures "based on average annual availability" whereas the Rules ask for "unavailability".
7. Our response to each of the questions posed in the Consultation Paper is provided below:

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<sup>1</sup> Refer <http://www.electricitycommission.govt.nz/consultation/indexmeasures/view>

Question	Response	Comment
1. Do you agree with the options? Are there alternative or additional options that should be considered?	Agree	MEUG agrees with the options and, within the constraints of the current service measures, does not have additional options to suggest.
2. Do you agree that it is not reasonably practicable to quantify the benefits and costs of the options?	Benefits agree	MEUGs agreement with this question reinforces the point that if benefits cannot be quantified the value of these input based service measures are questionable.
	Costs disagree	As it is likely that Transpower already holds the more granular information it should be relatively easy for them to establish a cost for extracting and publishing this.
3. Do you agree with the conclusion of the cost/benefit analysis?	Agree	In the absence of clear net benefits for either option the least cost option should be chosen.
4. Are there other costs and benefits that should be included in the cost/benefit analysis?	Probably	<p>The Commission must be able to establish quantifiable benefits for transmission customers and grid users for the service measures to be considered to provide meaningful definitions of the transmission service.</p> <p>MEUG considers that, over time, information on specific asset availability may enable greater assessment of Transpower's performance at maintaining asset availability. Making this information transparent may provide an incentive for improved asset management practices within Transpower.</p>

8. MEUG would like to thank the Commission for the opportunity to provide a submission on the proposed availability and reliability index measures. Nothing in this submission is considered to be confidential.

Yours sincerely



Ralph Matthes  
Executive Director