



MAJOR ELECTRICITY USERS' GROUP

14 January 2010

Mike Collis
Electricity Commission
By email to info@electricitycommission.govt.nz

Dear Mike

Comments on Summary of submissions on AUFLS exemptions

1. This is a submission by the Major Electricity Users' Group (MEUG) on the Electricity Commission Summary of Submissions received for the AUFLS Exemptions Issues and Options Consultation paper. The summary was published 11th December 2009¹. Both the summary of submissions and the submissions themselves highlight the complexity and importance of an effective and efficient AUFLS system.
2. Post the Commission publishing the summary the System Operator announced a more comprehensive review of AUFLS² which MEUG supports. That review is wider than the question considered by the Commission of what to do with the current AUFLS exemptions that expire on 31st March 2010? The System Operator expects to have an implementation plan in place in November 2010. In light of this work MEUG suggests it is preferable to wait for the outcome of the System Operator review and extend the current exemptions rather than consider implementing the other options in the original Commission consultation paper.
3. After reading the System Operator's submission it appears to MEUG that the treatment of the current exemptions was only one issue and that it was not appropriate to consider that issue in isolation. MEUG members and MEUG spent a lot of time and resources on the exemption question and options that, in light of concerns raised by the System Operator in particular, were never going to be implemented.
4. That leaves the question of how long an extension to the existing exemptions should be granted. MEUG notes the System Operator has legal advice that the Commission can grant open ended exemptions for AUFLS. While this is currently contrary to the Commission's legal advice there may be an option to grant open ended exemptions provided there is a caveat for due notice for their expiry. That is the Commission would grant exemptions with a notice period for their expiry should the new Electricity Authority in the future propose changes to AUFLS. That notice period would have to be reasonable as making changes to plant, processes and contractual arrangements at major user sites is not trivial. Note this suggestion does not undermine the point previously noted by MEUG that major users' who have to date not been required to provide AUFLS and have invested in their current plant on the assumption that they would not have to meet AUFLS, find imposing such a cost onto them now as punitive and discriminatory.

¹ Refer <http://www.electricitycommission.govt.nz/submissions/commquasubs/aufls-issues-options>

² Refer <http://www.systemoperator.co.nz/n3210>

Yours sincerely

A handwritten signature in black ink, appearing to read 'R. Matthes', with a stylized flourish at the end.

Ralph Matthes
Executive Director