



MAJOR ELECTRICITY USERS' GROUP

31 July 2012

Darryl Renner
Electricity Authority
By email to submissions@ea.govt.nz

Dear Darryl

Consultation Paper – HVDC Pole 3 Commissioning: Use of Round Power

1. This is a submission by the Major Electricity Users' Group on the Electricity Authority consultation paper "HVDC Pole 3 Commissioning: Use of Round Power" published 2nd July 2012¹. This submission is not confidential. A sub-committee of MEUG members assisted prepare this submission.
2. MEUG participated in the Transpower consultation round in late 2011. Our submission of 20th December 2011 to Transpower is still relevant. A copy is attached. In that consultation round we agreed the increase in losses by using round power during Pole 3 commissioning should be covered by generation scheduled and dispatched in the market and treated in the same way as all other losses provided the Electricity Authority:

"... has an active market monitoring programme over this period to detect price gouging and steps are taken to mitigate the risk of price gouging should the market get tight. An example of the latter would be better visibility of planned outage programmes (eg summary graphs of major outages in PCOP) to assist consumers be aware of risks, plan well in advance and therefore help reduce the risk of weak competition."

3. This caveat still holds.
4. Responses to the questions in the consultation paper follow:

Question	MEUG response
Q1. Do you have any comments on the cost-benefit assessment presented?	It would have been useful to have some quantitative estimate, even if only an order of magnitude, of the relative implementation costs of each option.

¹ <http://www.ea.govt.nz/our-work/consultations/psocg/hvdc-pole3-commissioning-round-power/>

Question	MEUG response
	A summary table listing benefits and costs of the alternatives compared to the preferred option based on the discussion in paragraphs 4.3.1 to 4.4.10 would have been helpful.
Q2. Are there any additional costs or benefits to be considered?	A detriment of option (a) is it undermines the principle that South Island generators should pay for all Pole 3 implementation costs including additional losses during commissioning.
Q3. Do you agree round power provides net benefits during the commissioning of Pole 3 and should be used?	Agree.
Q4. Is there another alternative the Authority should consider?	Have no new alternatives to add to the three considered.
Q5. Do you have any comments on the Authority's assessment of the proposed amendment against the requirements of section 32(1) of the Act?	The assessment set out in appendix B is reasonable.
Q6. Do you have any comments on the Authority's assessment of the proposed amendment against the Code amendment principles?	The assessment in section 4.6 is reasonable subject to noting answers to questions 1 and 2 above on the cost benefit analysis and quantitative assessment.
Q7. Do you have any comments on the Authority's proposed code amendments?	No.

Yours sincerely



Ralph Matthes
Executive Director