



# MAJOR ELECTRICITY USERS' GROUP

7 August 2012.

Darryl Renner  
Electricity Authority  
By email to [submissions@ea.govt.nz](mailto:submissions@ea.govt.nz)

Dear Darryl

## Consultation Paper – Winter Energy and Capacity Security of Supply Standards

1. This is a submission by the Major Electricity Users' Group on the Electricity Authority consultation paper "Winter Energy and Capacity of Supply Standards" published 10<sup>th</sup> July 2012<sup>1</sup>. This submission is not confidential.
2. Responses to the questions in the consultation paper follow:

Question	MEUG response
Q1. Do you consider that the assumed costs of reserve generation, and other assumptions used in the analysis of WCM, are appropriate? If not, what assumptions should be used?	Carbon price assumptions should be \$12.50/t rather than \$25/t (table 3, p29).
Q2. Do you consider that the input assumptions used in the analysis of WEM are appropriate? If not, what assumptions should be used?	See the answer to question 1 above.
Q3. What range (or level) of WCM do you consider the capacity security of supply standard should be set to, and why?	Agree with direction of change, ie WCM should be lower because of key changes since 2008 when WCM was first estimated and published as listed in paragraph 3.3.4.  Agree WCM should be published as a range rather than a single bright line estimate.

<sup>1</sup> <http://www.ea.govt.nz/our-work/consultations/sos/winter-energy-capacity-security-supply-standards/>

Question	MEUG response
Q4. Do you agree that the wind contribution factor should be increased to 25% for the purpose of calculating WCM?	The analysis supporting 25% on p20 and the assumption that the West Wind is an extremely highly productive outlier to be excluded when predicting future additional wind is pragmatic.
Q5. Do you agree that the new South Island contribution curve should be used in the calculation of WCM, so as to account for the effect of increased inter-island transfer capability?	Agree.
Q6. Do you agree that it would be preferable for the SOSFIP to provide more detail about how the WCM metric will be calculated?	More transparency is welcome.
Q7. What range (or level) of NZ-WEM do you consider the New Zealand energy security of supply standard should be set to, and why?	No view of absolute range though agree with direction of change and using a range than point estimate as noted in answer to question 3 on WCM.
Q8. What range (or level) of SI-WEM do you consider the South Island energy security of supply standard should be set to, and why?	No view of absolute range though agree with direction of change and using a range than point estimate as noted in answer to question 3 on WCM.
Q9. Do you agree that a mean north-to-south transfer of 480 MW should be used in the calculation of SI-WEM?	No comment.
Q10. Do you agree that full-winter-period outage factors of 5.4% for CCGTs and 6.7% for coal-fired Huntly units should be used in the calculation of NZ-WEM?	This is best answered by those operators managing those plants.
Q11. Do you agree that it would be preferable for the SOSFIP to provide more detail about how the WEM metrics will be calculated?	Yes.
Q12. Do you support the proposed Code amendment?	Yes MEUG supports the proposed amendment to clause 7.3 (2) of the Code set out in appendix B and supported by the regulatory statement in section 5 of the consultation paper.

Yours sincerely



Ralph Matthes  
Executive Director