



MAJOR ELECTRICITY USERS' GROUP

28 April 2017

Stephen Jones
Strategic Asset Manager
Transpower
By email to communications@transpower.co.nz

Dear Stephen

Services Engagement Paper

1. This is a submission by the Major Electricity Users' Group (MEUG) on the Transpower consultation paper, Service Engagement Paper 2, April 2017.¹
2. MEUG members have been consulted in the preparation of this submission. This submission is not confidential. Some members may make separate submissions.
3. MEUG appreciates the informal engagement with Transpower since we submitted on the first engagement paper including a meeting with Lyndon Haugh and me on 27 March 2017. This second engagement paper is a comprehensive and well written analysis of Transpower's proposed changes and additions to performance measures.
4. Responses to questions in the consultation paper follow:

Question	MEUG response
1. Do you agree with the proposal outlined above to transition from the RCP2 performance measures to RCP3?	<p>See answers regarding each specific proposed change below.</p> <p>We note that as asset health measures have not yet been consulted on, it is not possible to review the totality of the proposed Regulatory Control Period 3 (RCP3) performance measures. The proposed measures in this part of the consultation are essentially short term measures and asset health measures provide a measure of longer term performance. Inevitably these two aspects are interlinked.</p>

¹ URL https://www.transpower.co.nz/sites/default/files/uncontrolled_docs/Engagement%20Paper%202%20-%20April%202017.pdf at <https://www.transpower.co.nz/transpower-service-level-refresh-rcp3>

Question	MEUG response
	<p>For RCP2 there was no consultation on proposed asset health measures before those were tabled with the Commerce Commission. As noted above there are linkages between short-term service performance measures and longer-term asset health measures and hence for RCP3 there may be value in consulting on both as a package ahead of finalising the RCP3 proposal to be submitted to the Commerce Commission.</p>
<p>2. Do you agree with the proposed change in the categorisation methodology for POS categorisation? Please explain your rationale for you answer.</p>	<p>Agree with continuing the investigation using the methodology set out on pages 12 and 13 including consultation later in the year as the analysis nears completion.</p> <p>Final agreement by MEUG to adopting the proposed change depends on our comparing results using the new methodology with the existing approach and whether it passes a common-sense test view. At this stage, we think the proposed change with its less arbitrary approach, adaptability as load changes at Points of Supply (POS) in the future, replicability and therefore predictability by consumers will be an improvement over the status quo. Nevertheless, we would like to see the results before agreeing to the change because some of the assumptions required for the new approach, such as Value of Loss Load (VoLL), while not arbitrary do have wide error bounds. Estimating and then applying VoLL is complicated by the inherent non-linearity that can apply for some types of customers, ie the first MWh lost is usually costlier to customers than later MWh lost.</p>
<p>3. Do you think we should classify all N sites in the same category? If not what alternative methodology would you suggest? Please explain your rationale for you answer.</p>	<p>Some "N" points of supply are truly N, ie one line or transformer failure means loss of supply until the failed item has been restored. Other "N" sites are effectively switched N-1 points of supply and therefore supply can usually be restored relatively quickly in the event of a plant item failure. It is suggested that these sites could be categorised into N and switched N-1 sites. While it might be appropriate to have similar number of interruption targets, interruption duration targets could be lower for switched N-1 points of supply.</p>

Question	MEUG response
	<p>It might be useful also to couch targets for number of unplanned interruptions (GP1) using number of interruptions per point of supply for each category rather than total number for the relevant category. For example, the current number of unplanned interruptions grid output target measure for N-security category POS (measure reference GP1E) is 56. That measure means little to an individual consumer of Transpower. If the measure were expressed as and reported as a target of unplanned interruptions per POS that would have a better intuitive feel for the frequency of interruptions for a category of points of supply.</p>
<p>4. Do you agree with retaining the same categorisation methodology for Generation sites? If not what alternative methodology would you suggest? Please explain your rationale for your answer.</p>	-
<p>5. Do you agree with retaining AP1: HVDC availability for RCP3? If not, what are your reasons, and what alternative would you recommend?</p>	Agree
<p>6. Do you agree with our proposal to improve our communication around how we undertake efficiency and optimisation of outages within the planning horizon?</p>	<p>Agree.</p> <p>MEUG members and MEUG would like as much notice as possible of any proposed engagement process by Transpower with interested parties on reviewing current processes and opportunities for efficient and timely management of planned outages.</p> <p>We are also interested in how Transpower's planned outages affect direct connect consumers and MEUG members and other consumers connected to EDB. We are interested in any opportunities to ensure improvements to the co-ordination of both Transpower and EDB manage outages.</p>
<p>7. Do you agree with our proposal to review the circuits with the intent of incorporating more circuits within the measure? If not please explain your rationale and which circuits should be included.</p>	-

Question	MEUG response
8. Do you have any improvements on how our availability targets could be set?	MEUG is open to discussing a change to allow setting availability targets (particularly for AP2) to be adjusted closer to when planned outages are likely. That discussion should include unbundling AP2 so that availability targets affected by unplanned outages remain longer term targets because it's important to see steady progress over time for improving availability by reducing the effect of unplanned outages. Planned outages are usually much less intrusive than unplanned ones hence the targets for availability considering the effects of outages that are unplanned and planned may be different.
9. Do you support the addition of this new "stick-to-the-plan" asset performance measure and the dropping of PMD4 and PMD8?	Agree.
10. Do you agree with the proposed changes to the PDM measures? If not, what do you propose? (Please provide your rationale for your position).	<p>Agree with proposals and suggest:</p> <ul style="list-style-type: none"> • Transpower publish the survey questions (which should include questions on the usefulness of event analysis and future actions planned) and the results of post-event surveys (the proposed alternative to PMD1) in an aggregated format to allow interested parties to gauge and provide any further feedback to Transpower on the time taken and initial information following an unplanned outage. • Transpower survey not just their direct customers but also a range of consumer types not necessarily directly connected to the grid. I.e hospitals, industrial plants etc. • As mentioned at discussion on 27 March it's the quality of the post-event reports and confidence consumers have that proposed remedial actions will be followed through that needs attention. Reports need to answer the question what happened? explain lessons learned, and list actions initiated and who is responsible. • The work of the voltage disturbance working group may lead to identifying some underlying factors that are within Transpower's control for momentary disturbances, and therefore while we agree advancement of PMD6 to be a new performance measure for RCP3 is unlikely, there should be a requirement to monitor and report on short duration disturbances

Question	MEUG response
11. Do you agree that the existing post-event customer survey process allows for effective two-way information gathering on where things are working well and where improvement can be focused?	Agree subject to Transpower considering the suggestion in bullet points 1 and 2 in the answer to question 10 above.

5. While not part of this consultation on service performance measures, we note as discussed on 27 March, that we have an interest in how asset health measures might be improved to incentivise efficient asset maintenance investment.
6. We look forward to reading Transpower's proposed RCP3 measures in the Integrated Transmission Plan 2017 to be submitted to the Commerce Commission by the end of September 2017.

Yours sincerely



Ralph Matthes
Executive Director