



MAJOR ELECTRICITY USERS' GROUP

6 December 2016

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, October 2016.¹
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 welcomes this early engagement on service measures to be considered for your Regulatory Control Period 3 (RCP3, 2020-2025) proposal to the Commerce Commission.
4. Responses to questions in the consultation paper follow:

Question	MEUG response
1. Do you support the review of the POS categorisation criteria approach? ²	Yes this should be considered.
2. Are you happy to continue with our current availability measure approach? Do you think an alternative approach should be explored?	The consultation paper discusses "An alternative approach may be to encourage availability when it matters." ³ MEUG agrees that approach should be considered and compared to the status quo and alternatives proposed by other submitters.

¹ URL <https://www.transpower.co.nz/modules/file/icons/application-pdf.png> at <https://www.transpower.co.nz/transpower-service-level-refresh-rcp3>.

² POS refers to Points of Supply.

³ Ibid p9.

Question	MEUG response
<p>3. Do you have any comments or suggestions about the future of the development measures?</p>	<p><u>PMD6</u>⁴</p> <p>Reporting number of unplanned momentary (of less than one minute) interruptions (PMD6) may be a useful measure to track if the incidence over time of these events is increasing or decreasing and hence to assess if tactics to mitigate causes are working or not.</p> <p>The consultation paper notes momentary disturbances are more important to businesses than households and the Value of Lost Load (VoLL) for businesses tend to be higher than for households.⁵ Knowing the number of unplanned momentary interruptions and trend over time is, as suggested above, useful. If the cause of each incident could be identified that would add more value. Exploring ways to further improve the PMD6 measure to identify the cause could be considered for POS with a high concentration of businesses sensitive to momentary fluctuations and hence an important aspect of transmission service to those consumers.</p> <p><u>Voltage disturbances</u></p> <p>The consultation paper notes the industry working group considering voltage disturbances, a major observed category of momentary fluctuations, proposed in August 2016 that a further two more years of data should be collected.⁶ If practical an appropriate service measure for voltage disturbances should still be considered as part of the RCP3 proposals notwithstanding a further two more years of data may not have been collected.</p> <p><u>PMD9</u></p> <p>Transpower proposes to discontinue PMD9 “Extent that Transpower provides its reports to affected parties on unplanned interruptions within 15 working days of the interruption. Transpower will report any expectations on the number of times it did not meet the timeframe.” MEUG would like evidence that it is in the long-term benefit of consumers to accept it is sufficient to have <u>some</u> information in existing mechanisms, not <u>all</u> as proposed in PMD6, and to retain the obligation for publishing a post event report within 42 days, not 15 working days in as proposed in PMD9.⁷</p>

⁴ PMD6 refers to performance measure development #6.

⁵ Consultation paper p8 reports results of Transpower investigation of VoLL that found, amongst other things, “That VoLL for shorter outages, particularly for businesses, are higher than those for longer outages” and “Business VoLL is significantly higher than residential VoLL.” The paper notes the Code uses the term Unserved Energy rather than VoLL.

⁶ Ibid, p7.

⁷ Ibid, p10, bullet point 4., and footnote 7.

Question	MEUG response
<p>4. Do you have any views on the merits of using service targets as a primary driver for grid planning and the degree of ambition we should have in this area (relative to other development priorities)?</p>	<p>The possibility of a change to a services-orientated approach to planning should be considered as a matter of course each time there is a strategic review of all of Transpower's service offerings and how those are to be delivered.</p> <p>Over time changes in external factors may make a change to services-orientated transmission planning viable or even essential. For example two often suggested likely future changes to the electricity sector are:</p> <ul style="list-style-type: none"> • A more dispersed and atomistic supply;⁸ and • A change to cost-reflective and service-based distribution prices (transmission being about a third of total distribution charges to an average household). <p>These changes may allow transmission planners (and distribution company planners) to have a more disaggregated view of consumer preferences at different POS and therefore plan use of the existing grid and investment in new grid and grid-alternatives accordingly.</p>
<p>5. Do you agree that the proposed engagement process strikes the right balance between being comprehensive and not overly taxing?</p>	<p>Yes.</p>
<p>6. Do you or your organisation want to be involved in a focus group to discuss this further?</p>	<p>Yes.</p>

5. We look forward to the next stage of engagement in this process.

Yours sincerely



Ralph Matthes
Executive Director

⁸ The Electricity Authority used the phrase "a more dispersed and atomistic model" in their 2017/18 Appropriations consultation paper, p6, 25 October 2016.