



## Major Electricity Users' Group submission on reference case assumptions and sensitivities for the 2024 Security of Supply Assessment

Transpower received the following submission by email from Major Electricity Users' Group:

*We won't get a chance to write a formal submission, but wanted to note that MEUG is comfortable with the proposed key reference case assumptions and the sensitivity that you are proposing to apply. It would also be interesting to understand the implications of increasing the proportion of renewable generation on security of supply margins (as asked through question 3). How the system copes with greater intermittent generation, and less thermal generation, is an area of interest to our members.*

*We note that you are seeking additional information from market participants related to demand response capability. Two of MEUG's members, NZ Steel and NZAS, have agreements with their respective retailer to reduce demand during winter periods, if required. Is this the sort of information that the team is after? Besides these two arrangements, none of our members are currently involved in demand response. We do not believe that the current market mechanisms are sufficient to incentivise large-scale participation by businesses. We consider that demand-side participants should be able to receive a form of payment that reflects the full benefits of the service provided and reflects the costs to the participant (i.e., lost production, need to invest in systems). The removal of RCPD has also reduced the incentives to shift demand from peak times. We have discussed our thoughts with the Electricity Authority, who noted that only 2 participants (we believe) are using the current dispatchable demand mechanism.*