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The System Operator

Transpower

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System Operator Rolling Outage Plan Review

NZ Steel has been involved in preparation of the MEUG submission and commend this for consideration.

We understand the need to have a SOROP support mechanism for the conservation campaign regime and other situations that may arise. We support the initiative to update the current PROP mechanism and in general consider most of the improvements proposed are sensible.

More flexibility will be possible for the NZ Steel PROP and will likely provide a more workable outcome. In this regard, duration of an event has a significant impact as to how load and energy requirements are managed over a defined period of time.

We also understand the drivers for the consultation paper written principally for EDB participants, however, caution a one-size-fits-all approach cannot be readily translated to the industrial sector, nor across that sector. Direct-connect sites each have specific characteristics as to load and operational dynamics.

The rigidity as to interpretation, implementation and operation that comes from the SOROP being indirectly part of the Code is of concern. We support the System Operator having flexibility in working with large consumers re savings targets (Section 6.20). However, if the rigidity that comes with the Code is required relating to other requirements (examples below), then greater clarity and specifics will be needed in the SOROP provisions than the current document being consulted on.

There are specific configurations at our Glenbrook site that mean blanket SOROP provisions will likely NOT lead to an optimum outcome. For example:

- Generation output from the third-party owned cogen corelates to iron production. It is important the System Operator works with NZ Steel to ensure the optimum net impact of load and energy at the GXP level.

- Our interruptible load bid into the reserves market is also important given the Glenbrook proximity to the Auckland load centre, and this can be of particular importance at times of system stress.
- We are implementing an Equivalence regime for AUFLS. Please confirm the requirements under Section 6.16(c) are excluded for such arrangements.
- Section 6.12(b) specifics relating to August load may be relevant for a winter peak EDB, but has no particular significance for our operations.
- Section 6.12(b)(i) specifies 5% increments in load. This would be difficult to achieve with any consistency (if at all).
- The specifics of each event, in particular extent of reductions required and duration/likely duration, will drive the decisions around load management. Flexibility as to how this is managed onsite will be a plus (ie we support the deletion of Sections 6.17-6.19) – we answer question 17 in the affirmative.
- It is important to clearly identify the instances requiring load management from those requiring a reduction in energy (Section3.9). Section 4.1 gives confidence the System Operator intends this approach.

We will be pleased to expand on any of the above points and welcome an opportunity to talk through specific aspects relating to our direct-connect site.

New Zealand Steel

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New Zealand Steel