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20th May 2014

John Rampton
General Manager
Electricity Authority

By email: submissions@ea.govt.nz

Dear John

Extended Reserves Code Amendment Consultation

We appreciate the opportunity to submit to the Authority's consultation *Efficient Procurement of Extended Reserves*, published 3rd April 2014. Our response is as grid owner and we support the separate submission of the system operator.

Timely implementation of revised technical requirements

We support the initiative of the system operator in establishing a working group to scope the transitional steps necessary. This work will assist system operator and industry understanding of the timing and resource needs to move to the new requirement through the development and delivery of a selected provider's implementation plans.

In several places on our North Island grid the current AUFLs obligation on distributors is being met from relays that are owned by Transpower and reside on grid assets. These are legacy arrangements arising from pragmatic approaches to ensuring load shedding can be appropriately sized. We consider the move to a new technical requirement for smaller blocks necessitates revisiting these existing configurations but that the process is likely to be time consuming and could negatively impact implementation timing. At a practical level, we note that it is not clear how the consumers providing AUFLs load would be compensated (or whether this is the intent).

We are encouraged that the Authority is in communication with the Commerce Commission on potential changes to economic regulation. To reduce uncertainty to regulated firms it is important that any implications for economic regulation under Part 4 of the Commerce Act are understood and addressed before a decision is taken.

Yours sincerely

Jeremy Cain
Chief Regulatory Advisor