

10th December 2013

John Rampton
General Manager, Market Development
Level 7, ASB Tower
2 Hunter Street
Wellington

By email: submissions@ea.govt.nz

Dear John

Under Frequency Management Initiatives (second consultation)

Thank you for the opportunity to submit to the second consultation paper on *Under Frequency Management Initiatives*, published 29th October 2013. Our interest in this matter is as Grid Owner and System Operator.

Transpower supports the objective for improving efficiency of reserves procurement

Transpower supports the Authority objective to decrease the costs of Fast Instantaneous Reserves (FIR) to the industry and consumers. The original proposal was for FIR providers to supply higher resolution data to the System Operator to improve inputs to the Reserves Management Tool (RMT) for it to be more accurate (less conservative) with FIR procurement quantities. We understand that the need for this second consultation has arisen because of submitters' concerns regarding implementation costs and unintended consequences (such as exit from FIR providers) that were raised in response to the first consultation paper.

The revised proposal suggests that an FIR provider *could investigate the use of GXP ION meter data to aid with the interpretation of their own metering data or to act as a primary source of FIR event data*. We respond to this below.

ION meter data cannot meet the RMT inputs need

The Grid Owner supports the System Operator's objective for better data quality regarding under frequency events. We note that the minimum requirements outlined under the revised proposal do not provide for the higher resolution data necessary to allow the System Operator to better understand *individual event response* and have improved inputs to the RMT. Any data from the ION meters would not be sufficient to meet the System Operator's needs for individual event analysis in all cases as it cannot be used when there is more than one provider / purchaser at a GXP.

We consider that ION revenue meter data could only be used (with minor modification) to assist an aggregate (GXP) level analysis of under-frequency events

such as the amount of load disconnected; recording for 60 second post event; the MW trace of the event and frequency. We consider the availability of the modified ION revenue meter data would be on an “as is” basis (in other words there is no liability attaching to any failure to provide it). The Grid Owner could make any data available on request and with prior agreement.

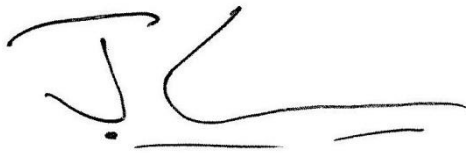
Unfortunately, the proposal is just likely to create expectations in FIR providers that this ION meter data source is adequate for their contracted requirements. We do not consider that the ION meter data should serve as a primary source for meeting the contractual requirements of FIR providers. The new proposed source for the data is from meters that are not designed - or funded - to deliver such reserve market requirements. The meters would need to be re-configured in such a way as to fundamentally alter the meter’s functionality for meeting its regulated purpose. These costs include reduction of meter life and transaction costs and would not be trivial.

Options for reducing FIR costs

Given the revised proposal is not likely to meet the objective of lowering FIR costs by reducing ‘conservatism’ in RMT then any further consideration should include longer term options including promoting FIR competition and replacing the RMT. In any case every option considered should clearly articulate where the benefits of the objective lie and where the costs should fall.

We have responded to the questions at Appendix A. If you have any questions about our submission please contact me (jeremy.cain@transpower.co.nz 04 590 7544).

Yours sincerely

A handwritten signature in black ink, appearing to be 'JC' followed by a long horizontal stroke.

Jeremy Cain
Chief Regulatory Advisor

Appendix A - Response to Consultation Questions

Question	Response
<p>1. Are you confident that you can provide the system operator with FIR data that demonstrates your performance during under frequency events by using the minimum requirement?</p>	<p>We note that the minimum requirements outlined under the revised proposal do not provide for the higher resolution data necessary to allow the System Operator to better understand individual event response and have improved inputs to the RMT. Any data from the ION meters would not be sufficient to meet the System Operator's needs for individual event analysis in all cases as it cannot be used when there is more than one provider / purchaser at a GXP.</p> <p>We consider that the ION revenue meter data could only be used to assist an aggregate (GXP) level analysis of under-frequency events e.g.</p> <ul style="list-style-type: none"> • the amount of load disconnected when the system falls to 49.2 Hz until a new steady state • data recording for 60 seconds post event • the MW trace of the event.
<p>2. What transition period is realistic to implement the solution on all your sites</p>	<p>We estimate that once ION meters are available at a GXP (and note that some may not be installed until later in 2014) the turnaround time to assist with data availability following an event would be on a timescale of days.</p>
<p>3. Do you have any other comments?</p>	<p>The data availability from the ION revenue meters would be on an 'as is' basis (in other words there is no liability attaching to any failure to provide it). The Grid Owner could make any data available on request and with prior agreement.</p> <p>Given the revised proposal is not likely to meet the objective of lowering FIR costs by reducing 'conservatism' in RMT then any further consideration should include longer term options including promoting FIR competition and replacing the RMT. In any case each option considered should clearly articulate where the benefits of the objective lie and where the costs should fall.</p>