

9 December 2013

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Sent by email to: submissions@ea.govt.nz



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Under-Frequency Management initiatives – second consultation

1. Vector welcomes the opportunity to respond to the Electricity Authority's (Authority) consultation *paper Under-Frequency Management Initiatives – second consultation*, dated 29 November 2013.
2. Vector's contact person for this submission is:
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3. Vector supports the overall proposal to improve the reliability of the Response Management Tool (RMT) modelling and appreciates the Authority's willingness to revise its original proposal. In Vector's view, the original proposal imposed high costs on participants that were not clearly justified and posed a risk that existing FIR providers would exit the market, while preventing future FIR providers from entering the market. Vector is not clear whether the revised proposal has removed these risks, or whether it is more cost effective.
4. Vector supports a more simplified proposal that reflects the characteristics of both types of FIR providers, generation and IL. However, the paper does not provide readers with enough information and detail to make a reasonable assessment of the impacts of the revised approach. Moreover the following aspects of the proposal are unclear:
 - It is unclear how IL providers are to provide requirement (a)(ii) "the amount of load disconnected". For instance, the proposal appears to suggest that there is an instantaneous transition to a tripped state for IL, while recognising that there is a gradual tripped state and MW trace for generators. In Vector's view, providing more of a gradual MW trace seems equally appropriate for both generators and IL providers.

- The proposal is silent on the sample rate of data to be provided after an event has occurred. We presume, since the previous proposal was rejected, this is not 100msec. However, an alternative is not specified.
 - Paragraph 3.3.2 suggests using GXP post event data, which implies the use of high cost metering installations. Although the proposal does not explicitly require higher metering installations at the GXP level, it is unclear how the proposal could work without FIR providers incurring the cost for such.
 - It is not clear how participants would be able to differentiate between load reductions attributable to their FIR contribution, and reductions that may be independently initiated – e.g. by embedded customers.
5. Furthermore, it is unclear why the proposal only considers improving RMT modelling via the provision of data at the GXP level by FIR providers – i.e. there appears to be no consideration of data provision by Transpower or the System Operator. On the face of it, the most efficient option may be for the System Operator to procure the data it needs from the GXPs, as it is the System Operator seeking to improve the RMT modelling in order to reduce the cost of IR - rather than addressing compliance with FIR dispatch requirements. If the System Operator determines that the provision of data is necessary for the ongoing use of the RMT, it does not necessarily follow that the costs of modelling should fall on the market participants, i.e. the providers of FIR. If such costs were to fall on FIR providers, it should first be clearly justified and demonstrably outweighed by the benefits that result. Vector does not consider that this condition has been satisfied and **recommends** the Authority consider these factors before progressing further with its proposal.

Yours sincerely,



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