



26 April 2012

Submissions
Electricity Authority
By email: submissions@ea.govt.nz

Criteria for departing from the methodology for determining non-conforming GXP's

Meridian welcomes the opportunity to submit on the Authority's consultation paper 'Criteria for departing from the methodology for determining non-conforming GXP's.

Specific responses to the individual consultation questions are included in Appendix 1.

If you have any queries regarding this submission please contact me.

Yours sincerely,

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Appendix 1: Responses to Consultation Questions

Question No.	Question	Response
Q1	Do you agree with criteria 1 for system security? If not, please provide your reasons.	<p>Meridian notes that the criteria appears to leave significant discretion with the System Operator and the Authority to determine what is required to ensure system security. We question whether further details can be provided on what would constitute a risk to system security and therefore trigger the criteria.</p> <p>We note that for this criteria to be triggered the GXP in question will already have fulfilled the predictability test for a conforming GXP. If there are GXPs which meet this predictability test but would still create system security issues if operated as conforming GXPs, this may provide information on the suitability or otherwise of the predictability test.</p>
Q2	Do you agree with criteria 2 for industrial demand at a GXP? If not, please provide your reasons.	<p>Meridian notes that this criteria allows the system operator to advise that the purchaser, rather than the system operator, will be better able to predict demand at the GXP. In considering this question, it would be appropriate for the Authority to request the views of relevant purchasers at the GXP. We consider that such a step should be explicitly provided for in the criteria (as is done for criteria 3).</p> <p>Meridian also considers it would be appropriate to schedule a review at some point (e.g. 12 months) in the future when this criteria has been used to deem a previously conforming GXP as non-conforming. Given the key principle of making a GXP non-conforming is to provide for better forecasting of demand at the GXP, it would be sensible to review the forecasts undertaken by the purchaser and compare to the system operator's own modelling to confirm that this is actually the case.</p>

Q3	Do you agree with criteria 3 for purchaser request? If not, please provide your reasons.	Meridian agrees with criteria 3.
Q4	Do you think there are any other criteria that should be considered?	We note in paragraph 2.1.2 of the paper that the Authority mentions the main purpose for allowing a process to deem a conforming GXP as non-conforming is to allow purchasers to participate in the Dispatchable Demand (DD) regime. It may therefore be appropriate to have a specific criteria around enabling participation in the DD regime or to include reference to the potential benefits of participation in the DD regime to criteria 3.