

17 September 2013

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Submissions
Electricity Authority
PO Box 10041
Wellington

By email to submissions@ea.govt.nz

Consultation Paper – Removal of the in-band frequency keeping constrained on and off compensation

Thank you for the opportunity to make a submission on the Electricity Authority (EA) consultation paper “Removal of the in-band frequency keeping constrained on and off compensation” published 5th August 2013.

We appreciate that the Authority is now taking the November 2011 change to the FK system to a more structured conclusion.

Below are our responses to your questions.

Question No.	General comments in regards to the:	Response
Q1	Are there any interdependencies between the timing of the introduction of MFK in the North and South Islands and the date when the Code amendment proposal should be brought into effect?	None that we are aware of.
Q2	Do you have any comments on the Objective of this Code change proposal?	We agree that the objective should be to improve FK market efficiency.
Q3	Do you think there is a reduced incentive for the generators to participate in the frequency keeping market after the proposed amendment?	Improved efficiency in the FK market should not lead to lack of incentives for generators to participate. However, the potential ability to extract excessive market rents should be reduced.
Q4	Do you have any comments on the assessment presented?	No
Q5	Are there any additional costs or benefits that need to be considered?	No.

Question No.	General comments in regards to the:	Response
Q6	Are there any other alternatives the Authority should consider apart from the status quo?	None that we aware of.
Q7	Do you have any comments on the Authority's assessment of the proposed amendment against the requirements of section 32(1) of the Act?	We agree with the assessment. Transparency is an important part of efficient competition and we consider that this aspect of the asesment is of significance.
Q8	Do you have any comments on the Authority's assessment of the proposed amendment against the Code amendment principles?	We agree with the assessment.
Q9	Do you have any comments on the Authority's proposed code amendment?	No comments.

We thank you for the opportunity to submit on this important issue.

Yours sincerely



Lyndon Haugh
Energy Manager
Carter Holt Harvey Pulp & Paper Ltd

Lyndon.Haugh@chh.co.nz

Ph 07 8855779

0274 446 708