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Submissions
Electricity Authority

By email to: submissions@ea.govt.nz

Shortened gate closure and revised bid and offer provisions consultation paper

This is a submission by Carter Holt Harvey Pulp & Paper Ltd on the Electricity Authority Consultation paper “Shortened gate closure and revised bid and offer provisions” dated 26 June 2015.

1. High level summary response

- a. We agree with the objectives and strategic direction as outlined in the executive summary.
- b. We support the intent of the proposed changes and agree that in general that the benefits of the proposal should exceed the costs in that information related to bids and offers going towards real time will be more accurate than is the case now.

Question	Comment
Q1. Do you have any comments on the existing provisions in Chapter 2 of this paper?	No
Q2. Do you have any comments on the problem definition relating to gate closure?	No
Q3. Do you have any comments on the problem definition relating to the way gate closure and grid emergency provisions apply to bids?	As a non-conforming user, we agree entirely with the comment in para3.3.5 “ <i>Gate closure for non-dispatch bids interferes with purchasers providing the best possible demand forecast information as real time approaches</i> ”
Q4. Do you have any comments on the problem definition relating to requirements on intermittent generators to submit persistence-based forecasts in the last two hours?	No
Q5. Do you have any comments on the problem definition relating to the drafting issues with re-offer provisions?	No

Q6. Do you have any comments on the problem definition relating to grid owner reporting of late updates?	No
Q7. Do you have any comments on the problem definition relating to the cancellation of bids?	No
Q8. Do you consider that the proposed Code amendments would carry a risk of unintended consequences? If so, what are they?	Unintended consequences are always possible. The proposal for increased monitoring of offer revisions provides an offset for the risk of “strategic re-offering”. Proactive monitoring also of any system security issues that arise as a result of the Code changes might be useful at least for any initial Code change period.
Q9. If you are a generator or a dispatchable load purchaser, can you quantify the extent to which one-hour gate closure would allow you to reduce your cost of production? Please provide supporting evidence.	n/a
Q10. Do you have any other comments on the costs and benefits of the proposed Code amendment?	No
Q11. Do you agree that the proposed Code amendment will better meet the objectives than the status quo? If not, why not?	Yes.
Q12. Do you prefer the proposed Code amendment or Option B which would use a subjective structure for revising offers? Please explain.	No comment
Q13. Do you prefer the proposed Code amendment or Option C which would use the structure for revising offers proposed by AEMC? Please explain.	No comment
Q14. Do you prefer the proposed Code amendment or Option D which would reduce gate closure restrictions in an alternative way such as providing more exceptions, moving to half-hour gate closure, or removing gate closure completely? Please explain.	We consider that the one hour gate closure improvement is a pragmatic first step towards a thirty minute or even smaller gate closure time. However, system security must be of paramount concern so a stepwise approach is appropriate
Q15. Do you consider that the proposed Code amendment in Section 4 is preferable to the status quo and other options? If not, please explain your preferred option(s) in terms consistent with the Authority’s statutory objective.	Yes

Q16. Do you consider that the proposed Code amendment in Section 4 complies with section 32(1) of the Act, and with the Code amendment principles, and should therefore proceed?	No comment
Q17. Do you have any comments on the drafting of the proposed Code amendment in Section 4, which is included in Appendix A?	No

Thank you for the opportunity to make a submission on this issue. We would be happy to discuss or clarify any aspects of this submission.

Yours sincerely



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