



24 November 2015

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

Consultation Paper – 2016/17 Electricity Authority appropriations

Meridian appreciates the opportunity to provide feedback on the Electricity Authority's proposed levy-funded appropriations and work programme for 2016/17.

Our comments on the Authority's proposed work programme are as follows:

1. Meridian continues to support the Authority's review of the **Transmission Pricing Methodology (TPM)**. Meridian considers there are significant inefficiencies with the current TPM. It is important the Authority continues to prioritise work to objectively consider and implement a more durable and efficient alternative.
2. Meridian welcomes the Authority's decision to introduce **one hour gate closure** (item 2.11). We request the new arrangements are implemented as soon as practicable so that the benefits involved can begin to be realised. Meridian's view remains that a 30 minute gate closure would provide additional productivity gains and should be further investigated within 12 months of implementing the one hour standard.¹
3. While we agree **potential refinements to the spot market** (item 1.4) should be investigated, we do not consider the project to be a pressing priority for the coming financial year. If necessary, we consider the work could be postponed.
4. We request the Authority considers initiating a review of current arrangements for **unmetered load**. Amongst other issues, it would be important for the review to assess how a more co-ordinated approach could be implemented and responsibilities adjusted to improve how the arrangements operate from a customer / retailer / distributor's perspective. Improvements to current reporting arrangements regarding distributed unmetered load will be one important area to consider as part of this. Previous work by industry working groups on the topic would need to be taken into account in defining other areas of focus.

¹ Refer Meridian's 19 August 2015 *Shortened gate closure and revised bid and offer provisions* submission, available: <http://www.ea.govt.nz/dmsdocument/20002>

5. Meridian would like to understand more about the specific topics expected to be covered in the intended **review of retail data and data exchanges** (item 2.7). In our view, greater standardisation of planned outage information will enable material operational efficiency-related improvements to be made. Is it the Authority's intention to have outage information and usage of EIEP5A addressed as part of the review?
6. As Meridian has commented previously²:
 - a. We support the Authority working to improve **fuel information disclosure**, particularly in terms of thermal fuel price, contract, and storage information (item 2.19).
 - b. We support work to develop **national frequency keeping and instantaneous reserve markets** (items 2.1 and 2.9). Meridian agrees arrangements for procurement should progress to become national rather than island-based.
 - c. We consider market participants may provide a useful source of information on potential costs and priorities for the **Joint Development Programme** and should be consulted as part of its preparation.
 - d. We agree with the initiation of a **consumer education programme** (item 2.4). We consider this could be of particular value in assisting consumers to engage with regulatory processes.
 - e. With retail-related work an ongoing area of focus, **it is important the Authority actively engages with retailers to continue to develop its knowledge of their product offerings and operations**. Consumers differ in their needs and it is important the Authority remains in touch with retailer perspectives on their customers and product innovations underway. Amongst other things, this could assist with ensuring recent interventions (retail tariff data initiatives, for instance) are operating as intended.

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

Yours sincerely,



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² Meridian's 12 December 2014 '2015/16 Appropriations and Work Programme', available here: <http://www.ea.govt.nz/dmsdocument/18954>