

30 April 2019

Rob Bernau  
General Manager Market Design  
Electricity Authority  
By email to [submissions@ea.govt.nz](mailto:submissions@ea.govt.nz)

Dear Rob

**Consultation Paper – Removal of constrained on payments for ramp-constrained generation**

1. This is a submission by the Major Electricity Users' Group (MEUG) on the Electricity Authority (EA) consultation paper "Removing constrained on payments for generation ramping down" published 26<sup>th</sup> March 2019.<sup>1</sup> MEUG members have been consulted in the preparation of this submission. This submission is not confidential. Some members may make separate submissions.
2. Referring to each question in the consultation paper, MEUG:
  - Agrees there are problems with how constrained on payments for ramp-constrained generation that became significant last year with changes in offer behaviour by some generators (Qu. 1). Hence it is appropriate to consult on an amendment to the Code to "remove constrained on payments to ramp-constrained and out-of-merit generation that is not required to meet demand and/or maintain security" (Qu. 2);
  - Agrees the benefits of the proposed amendment outweigh the costs (Qu. 3) and that there are no other options likely to have a higher NPV (Qu. 4 and 5). We cannot envisage a scenario where the benefits of the proposal (e.g. using 2018 data ~\$0.94m pa<sup>2</sup>) would be less than the costs of implementing (~\$0.24m one off costs (table 3)) compared to retaining the status quo.
  - Agrees the proposed amendment complies with s. 32(1) (Qu. 6).
  - Has no comments on the proposed drafting of the Code amendment (Qu. 7).

Yours sincerely



Ralph Matthes  
Executive Director

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<sup>1</sup> <https://www.ea.govt.nz/dmsdocument/24960-proposal-for-removing-constrained-on-payments-for-generation-ramping-down>

<sup>2</sup> Refer paragraph C.22 for estimating more efficient generation scheduling and dispatch in 2018.