

Via email: operationsconsult@ea.govt.nz

21 August 2024

Instantaneous Reserve Cost Allocation to Groups of Generating Units

Mercury welcomes the opportunity to provide feedback on the Electricity Authority (Authority) consultation proposing changes to instantaneous reserve (IR) cost allocation to groups of generating units. Overall Mercury considers the proposal to be equitable, even though it will mean that our wind farms and geothermal stations will pay more. We support the overall aim of encouraging actions that allocate IR costs more equitably while maintaining a level the playing field between different generation technologies and configurations.

Yours sincerely



Sharron Came
Regulatory Strategist



Appendix One Consultation Questions

Question	Mercury View
1. Do you agree with the description of the issues identified by the Authority? If not, why not?	Yes.
Q2. Do you agree with the objectives of the proposed amendment? If not, why not? Pg 11-12	Yes.
Q3. Do you agree the benefits of the proposed amendment outweigh its costs? Pg 12-15	Yes, proposal is fair and equitable in the sense that it treats all generation that could contribute to a contingent event in the same manner. This is an improvement on the status quo, so we favour the Code amendment.
Q4. Do you think there are any other costs or benefits for the proposed amendment that have not been identified?	No comment.
Q5. Do you agree the proposed amendment is preferable to the other options? If you disagree, please explain your preferred option in terms consistent with the Authority's statutory objective in section 15 of the Electricity Industry Act 2010. Pg16	Yes.
Q6. Do you agree the Authority's proposed amendment complies with section 32(1) of the Act?	Yes.
Q7. Do you have any comments on the drafting of the proposed amendment?	No.

