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Promoting reliable electricity supply Frequency-related Code amendment proposals

Mercury wishes to provide additional feedback to the Electricity Authority (**the Authority**) paper *Promoting reliable electricity supply: Frequency-related Code amendment proposals* (**the paper**) which seeks to address the first issue identified in the *Review of common quality requirements in Part 8 of the Code* (**Issues Paper**).

We agree that there needs to be a continued focus on maintaining the frequency performance of the system as different technologies are added and the system continues to evolve.

We are pleased that the Authority has been pragmatic in reducing the threshold for generating stations to be excluded by default from complying with the frequency-related asset owner performance obligations to 10 MW, instead of the 5 MW that was originally proposed. We also appreciate Authority's approach of allowing new dead band settings to be applied at the next scheduled test.

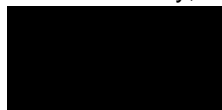
Nevertheless, we remain of the view that a uniform deadband across all generation technologies is a blunt instrument, and different technologies are likely to face significantly different costs and difficulties in implementing a uniform deadband. We continue to believe that performance should be provided by the plant that can provide it at the least cost. In particular, the proposed 0.1 Hz deadband is likely to present significant issues for some existing plant and is likely to require implications for steam system design and control at geothermal plant.

While the Authority's view is that there are dispensation options as part of the Code changes, we believe relying on ex-post exemptions as a de facto regulatory mechanism is inefficient, opaque, and creates unnecessary transaction costs. There are a variety of alternative levers to deploy that could result in the same regulatory intent, such as varying compliance obligations depending on different generation technologies.

We urge the Authority to reconsider the proposed Code changes in the context of various technologies, associated costs and system-readiness.

If you have any questions about this submission, please do not hesitate to contact me or Phillip Wong Too [REDACTED]

Yours sincerely,

A black rectangular box redacting the signature of Claudia Vianello.

Claudia Vianello
Regulatory Strategist

