

# Criteria for departing from the methodology for determining non-conforming and conforming grid exit points

Date: 14 May 2012

## Introduction

1. Clauses 13.27A to 13.27K of the Electricity Industry Participation Code 2010 (Code) outline the requirements for determining the conforming or non-conforming status of grid exit points (GXPs).
2. Under clause 13.27C(2) of the Code, the Authority must make a determination in accordance with the methodology set out in Schedule 13.7 of the Code, unless:
  - a) the Authority has applied the methodology; and
  - b) according to the methodology, the GXP is a conforming GXP; and
  - c) the Authority considers that the GXPs should be treated as a non-conforming GXP; and
  - d) the Authority has publicised criteria under clause 13.27E of the Code; and
  - e) making a determination that the GXP is a non-conforming GXP is in accordance with the criteria.
3. If paragraphs 2(a) to 2(e) apply, the Authority may make a determination in accordance with the criteria (clause 13.27C(3)).
4. The Authority must consult with participants before publicising the criteria or amending the publicised criteria (clause 13.27E(2) of the Code).

## Criteria

5. The following criteria have been consulted on and are hereby publicised:

### Criterion 1: System security

The Authority may determine that a GXP is a non-conforming GXP if:

- a) the system operator has advised in writing and with reasons that it is unable to forecast the demand at the GXP at all times to a level of accuracy that will ensure system security; and
- b) taking the system operator's advice into account, the Authority is satisfied that the GXP should be non-conforming to ensure system security.

### Criterion 2: Forecasting accuracy at industrial GXP

The Authority may determine that a GXP is a non-conforming GXP if:

- a) the demand at the GXP is primarily an industrial load. The Authority will determine if the demand at the GXP is primarily industrial in the following way:
  - i. if industry load accounts for more than 50 percent of the load at the GXP over the previous 12 months, then the Authority will consider that the demand at the GXP is primarily an industrial load;

- ii. if industry load accounts for 50 percent or less of the load at the GXP over the previous 12 months, then the Authority will consider all relevant factors to determine if the demand at the GXP is primarily an industrial load;
- b) the system operator has advised, and provided supporting reasons, that in its opinion the purchaser, rather than the system operator, will be better able to predict the demand at the GXP; and
- c) taking into account the system operator's advice and any relevant views of purchasers at the GXP, the Authority is satisfied that the GXP should be considered as non-conforming.

**Criterion 3: Purchaser request for dispatchable demand purposes**

The Authority may determine that a GXP is a non-conforming GXP if:

- a) a purchaser at a conforming GXP has requested that the GXP be changed from conforming to non-conforming so that the purchaser is able to participate in the dispatchable demand regime; and
- b) the Authority has requested the views of all other purchasers at the GXP; and
- c) the Authority has requested the views of the system operator; and
- d) taking the purchasers' and system operator's views into account, the Authority is satisfied that changing the GXP from conforming to non-conforming will be for the long term benefit of consumers. The Authority may make that assessment on a qualitative basis, but will take into account:
  - i. the net benefits from facilitating additional participation in dispatchable demand, while recognising that many of the benefits of demand response may already be accessed even without that participation (e.g. response to 5 minute prices);
  - ii. the cost to purchasers at the GXP from having to forecast their demand and submit nominated bids;
  - iii. the expected impact on the accuracy of the forecast of demand that will not be dispatched; and (iv) any other costs or benefits that the Authority considers are appropriate.