



MAJOR ELECTRICITY USERS' GROUP

16th July 2015

Dr John Rampton
Electricity Authority
By email to submissions@ea.govt.nz

Dear John

Sharing SIR across the HVDC link

1. This is a submission by the Major Electricity Users' Group (MEUG) on the Electricity Authority information paper¹ "Sharing sustained instantaneous reserve (SIR) across the HVDC link" dated 26th March and published 9th June 2015.
2. MEUG members have been consulted in the preparation of this submission. This submission is not confidential. Some members may make separate submissions.
3. MEUG appreciates the initiative of the System Operator in identifying this additional opportunity to reduce SIR costs while implementing the interim FIR sharing regime. The expected benefit of \$1.3m per annum for the proposal ahead of the full National IR Market commencing first quarter 2017 justifies the \$80,000 implementation cost.
4. There are conceivably greater benefits of alternative combinations of reducing or not FIR and SIR in each island as set out in table 3 of the paper. MEUG accepts the judgement discussed in paragraph 7.8 that those other options are less preferred because of a combination of uncertainty on estimated benefits, certainty on higher implementation costs and possible delays to starting SIR sharing across the HVDC from September 2015. MEUG has no other suggested options.
5. MEUG supports implementation of the proposal to reduce FIR and SIR in both islands by 60 MW for normal HVDC operating conditions.

Yours sincerely

Ralph Matthes
Executive Director

¹ Document URL <http://www.ea.govt.nz/dmsdocument/19402> at <http://www.ea.govt.nz/development/work-programme/wholesale/national-instantaneous-reserves-market/development/information-paper-on-sharing-sustained-instantaneous-reserve-across-the-hvdc-link/>