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Jenny Walton
Electricity Commission
Level 7, ASB Bank Tower
2 Hunter Street
PO Box 10041
Wellington

By email: info@electricitycommission.govt.nz

SUBMISSION ON THE INITIAL OPTIONS ASSESSMENT – WIND GENERATION PROJECT

- 1 Orion welcomes the opportunity to submit on the paper recently released by the Electricity Commission (the *Commission*) the *Initial options assessment discussion paper* (the *paper*).

Relaxing System requirements/quality standards

- 2 We consider that security of supply is a key issue to both the industry and the Government. The Government has emphasised improving security of supply as a key priority in its GPS¹ and also in the New Zealand Energy Strategy 2007.
- 3 We are therefore pleased to see that that while the paper considered relaxing system requirements/quality standards² as a possible option to assist with:
 - dispatch issues,
 - under-frequency issues,
 - voltage management issues

The paper has recognised that in all cases this may be detrimental to system security, and has not suggested this as an option for further consideration.³

¹ GPS October 2006 paragraphs 35 to 74

² Para 88 "Accepting relaxed normal frequency quality targets could be a substitute for procuring some frequency keeping ancillary services..."

³ Tables 5, 7 and 9

- 4 We agree with this analysis, we do however consider that if the evaluation matrix had included a consideration of the impact and cost to the consumer then this option would have been more emphatically rejected.
- 5 Unfortunately in the consideration of “pre-dispatch issues” (chapter 7) the paper indicates⁴ that accepting lower security standards could be a potential option. We are extremely concerned about this suggestion.
- 6 We note that chapter 7 does not have an evaluation against the criteria in relation to accepting lower security standards as contained in other chapters. One possible conclusion is that the suggestion, that lowering security standards could be a potential option, is simply a drafting error in the paper.
- 7 We consider that as indicated by the analysis in the earlier chapters of the paper the option of lowering security standards should be rejected.

Future work

- 8 With the exception of the suggestion in chapter 7 that lowering system security may be an option, we consider that the paper has identified some useful areas for future work.
- 9 Thank you for the opportunity to make this submission. If you have any questions, please contact Dennis Jones (Industry Developments Manager) DDI 03 363 9526, email dennis.jones@oriongroup.co.nz.

Yours sincerely



Dennis Jones
Industry Developments Manager

⁴ Table 13