

15 October 2008

Maree MacGregor
Electricity Commission
Level 7, ASB Bank Tower
2 Hunter Street
WELLINGTON

via e-mail: info@electricitycommission.govt.nz

Dear Maree

Demand-side Bidding and Forecasting: Update Paper

Genesis Power Limited, trading as Genesis Energy, welcomes the opportunity to provide a submission to the Electricity Commission on the consultation paper entitled 'Demand-side Bidding and Forecasting: Update Paper' dated 20 August 2008.

Genesis Energy is pleased that progress is being made on the demand-side bidding and forecasting ('DSBF') project and considers that its completion must form one of the Electricity Commission's top priorities.

The company has two specific comments, namely:

1. The update paper suggests that the DSBF project will not be implemented prior to 2010 and that this is driven by the timeframe for completion of the market system project and a request by the System Operator that there be a three month "no rule change" period after its rollout. Genesis Energy is concerned with this timeframe, particularly in light of the discontinuance of the Special Winter Schedule (SWS) dispatch published by System Operator. Market participants, including

Genesis Energy, have previously indicated that they will need a replacement for the SWS and that they considered DSBF was an acceptable and practical option in lieu of the SWS. However, in the absence of DSBF, a 'stop-gap' replacement to the SWS will be required. Having said that, it would be an inefficient use of resources to develop an alternative to the SWS, only to replace it six months later in favour of the Price Responsive Schedule and Non-Response Schedule. Given this, it is Genesis Energy's preference that DSBF be implemented sooner rather than later; and

2. The Electricity Commission has signalled that it intends to have a post-implementation review approximately one year after the project's rollout. However, in paragraph 141 of the Update Paper, the Electricity Commission also recognises the risks inherent in setting a fixed timeframe before a review commences, and has indicated that it will monitor the position and may make a decision to bring forward the post-implementation review. Genesis Energy supports the approach set out in paragraph 141. The company also supports the Electricity Commission's proposal that the completion of a post implementation review be used as a performance measure in the Electricity Commission's Statement of Intent.

If you would like to discuss any of these matters further, please contact me on 04 495 6357.

Yours sincerely



John A Carnegie

Regulatory Affairs Manager