



meridian

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Kate Hudson
Electricity Commission
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by email

Dear Kate

Discussion Paper: Property Rights for Load Management

Thank you for the opportunity to submit on the Property Rights for Load Management discussion paper.

Meridian generally agrees with the conclusions reached by the Electricity Commission, and the direction indicated in the paper.

We have one comment to make that relates most to question seven.

Meridian understands that contracts between Transpower and distribution companies prohibit consumers on AUFLS feeders from selling control of their load on the instantaneous reserves market.

Distributors or the Grid Owner use the consumers' load on these AUFLS lines to meet their AUFLS requirements. A consumer on these feeders is usually unaware of this use of their load. The same consumers could receive revenue selling that load on the IR market. This is particularly the case for a number of small and medium sized industrial firms.

It appears the right to manage consumers' load is being assumed by the distributor or Grid owner (albeit through a contract provision) without apparent compensation to the consumer.

Meridian considers that the use of consumers' load to meet AUFLS obligations should not be assumed by distributors, and automatically included in contracts. Consumers should be able to make an informed decision about whether they can benefit most from selling their load on the IR market, or by receiving some form of compensation from their distributor or the Grid Owner for consumers' load being available to meet AUFLS.

It may be appropriate for the Electricity Commission to issue a guideline or other form of direction around distributors' automatic inclusion of AUFLS obligations in contracts. In our view, if a consumer wishes to sell their load on the IR market, they should be free to do so, and should only need to advise their distributor that they are doing so, to allow the distributor or Grid Owner to find alternative sources to meet their AUFLS obligations.

Yours faithfully,

Anthony White