

28 February 2005

Jenny Walton
Electricity Commission
P O Box 10-041
WELLINGTON

Dear Jenny

Report of the Profile Project Team

Meridian welcomes the opportunity to make submissions on the Profile Project Team report and considers profiling to be one of the fundamental issues impacting the mass market that needs to be addressed.

We note that profile shapes determine how costs are applied to individual participants at the GXP, and therefore all participants have a financial interest in the accuracy of other retailers profile application and interpretations. That is, any inaccuracy in a profile can adversely affect other participants.

Meridian notes that there are two types of profiles that can be created - statically sampled, and engineered. Of the two, Meridian submits that statistically sampled is prone to management and data issues and should only be used with extreme caution. Engineered profiles, however, can be versatile and the resulting data could be supplied to the reconciliation manager as pseudo half hour metering information. We believe that the future of profiling lies with lower cost engineered profiles and multi-register meters.

Meridian's submission responds to the key recommendations of the Profile Project Team listed in paragraph 7 of the Feedback Paper.

a. The establishment and maintenance, by the EC, of a common library ...

Meridian notes that the maintenance and operation of this library will create costs that will eventually be passed back to retailers. The cost effectiveness of a library will depend on the cost to maintain the library and the savings in purchasing costs and financial instruments required to support purchases.

If additional costs are to be incurred by retailers, retailers need to be assured that the cost savings will be economic. Meridian notes that the cost benefit analysis needs to include costs imposed by meter owners, meter readers, retailers, data administrators, lines companies and the reconciliation manager.

Meridian submits the existing ability of retailers to develop and operate proprietary profiles must be retained.

b. Improvements in the application, maintenance and compliance process for all profiles

Meridian agrees with the need to improve the application, maintenance and compliance process for all profiles.

Meridian supports the recommendations in the Report of the Profile Project Team to review the structure, appropriateness, accuracy and application of every profile in accordance with the proposed frequency (recommendation 7, page 3). As the application of profiles has a financial affect on a number of retailers, we would like to see regular audits on profiles, as well as all participants to ensure that rules are understood and profiles maintained. We fully support the changes noted on page 19 clause 4.5 of the Report of the Profile Project Team. To date there have not been an audit of profiles.

c. The need to revise the process for establishing sampled profiles to better align the methodology ..
As discussed above Meridian submits sampled profiles should only be used with extreme caution. Sampled profiles should not be used in a manner that would financially dis-advantage other retailers. Before reviewing the requirements for sampled profiles, we suggest an assessment be made of the costs and benefits of undertaking a review to determine it would be cost effective.

d. A proposal, for testing by market participants, to examine the feasibility of profiling controlled load when it is used dynamically to control consumption peaks.
Meridian expects that there will be difficulties in creating a profile for controlled load. Depending on the resolution of information used in the profile for controlled load, that there will be difficulties depending on the number of channels that are used by a lines company for ripple switching, the various timing of controlled load, and the level of detail that needs to be available for each meter register. As profile information is used for settlement purposes, there needs to a form of audibility of switching times.

e. The profiling of non half -hour metered, small-scale distributed generation ...
Meridian supports this recommendation, and suggests that development of the required rule changes to allow this be given high priority.

f. The documentation of all aspects of profile creation, application and maintenance ...
Meridian suggests it will be difficult to document fully the process of creating profiles. However, the basic methodology is contained in the rules.

Specific feedback was also sought on the topics in the bullets in paragraph 9 of the Feedback Paper. Meridian agrees that profiles are important but suggests work on improving profiles should be balanced and informed by the availability and functions of new metering technology. We would be very concerned if costs were incurred unnecessarily or if rules were developed that limited the opportunities for new metering technologies.

With respect to benefits accruing to customers if the proposed recommendations are accepted, Meridian expects the cost benefit analysis undertaken by the Electricity Commission before recommending any profile related rule change will identify benefits to consumers. This analysis would be expected to compare the cost of new metering technology with the cost of implementing specific profiles.

If you have any queries please contact me.

Yours sincerely



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