

Maree McGregor
Electricity Commission
Level 7, ASB Bank Tower
2 Hunter Street
PO Box 10041
WELLINGTON

Dear Maree

RE: Minor Proposed Changes to the Reconciliation Rules

Energy Market Services (“EMS”) welcomes the opportunity to make a submission on the Minor Proposed Changes to the Reconciliation Rules under consultation from the Electricity Commission (“EC”).

EMS has previous experience as the Reconciliation Manager and understands the concepts and practical application of the Rules in the reconciliation process. As the Reconciliation Manager, EMS was actively involved in refining the reconciliation process and offering advice to industry participants when the need arose. EMS is an HHDA service provider to reconciliation participants and has a sound understanding of the obligations under the EGRs.

EMS has reviewed the proposed changes, keeping the EC’s key purposes and intentions in mind. EMS believes those key purposes to be:

- ▲ To alter the scope of some existing Rules to ensure integrity of the reconciliation process.
- ▲ To clarify the scope of some existing Rules to aid understanding of obligations.
- ▲ To promote ease of understanding of the rules.
- ▲ To resolve some minor drafting and wording issues.

Alter Scope of Existing Rules to Ensure Integrity

EMS supports the concept of ensuring integrity of the reconciliation process; however we are not sure if the Rules are the right place for that.

While the rules are an apt place to define responsibilities, the integrity would come from the method in which the results are achieved. EMS believes that when assessing integrity, this should be addressed in service provider agreements through full scenario testing and result comparison.

Clarify Scope of Obligations

EMS supports the concept of providing clarity to reconciliation participants on their obligations; however in our opinion some of the proposed changes do not represent this.

The accompanying schedule provides comments on the proposed changes which EMS believes are still clouding obligations.

Promote Ease of Understanding

EMS supports the initiative to promote ease of understanding. On the whole, the proposed changes are consistent with this initiative; however there are proposed rules (see Rule 3 of Schedule J4 and Rule 24.1 of Part E) that do not read as plain English and are likely to cause confusion.

Resolve Minor Drafting and Wording Issues

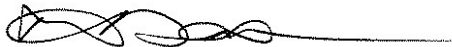
EMS supports the initiative to tidy up previous drafting and wording issues.

Calculate Initial Profile Shape and Seasonal Adjustment Shape

Rule 6.3 of Schedule J5 proposes a scaling factor be added to the profile shape calculation. EMS strongly cautions the Commission regarding the application of scaling factor as this may cause unexpected distortions in other downstream processes. EMS does not support this Rule change as a method of resolving the seasonal shape profiling issue on transition periods.

We would be pleased to discuss our submission in detail should you require clarification of any of the comments made.

Yours Faithfully



Richard Rowell
Commercial and Finance Manager