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“ Market Design Review Issues Paper Consultation”.

Service Quality Indicators.

- 1] I disagree with the observations. I am familiar with several serious meter reading issues. Further there is an element of its all OK in the summary statement. Just please do some research overseas to say Pennsylvania Power and Light or Edison in USA to get up to date. Because of a lack of proper investment in metering and communications, service will Continue to be poor.
- 2] Commission’s work programme is very shallow and failing NZ. It appears that the Commission is either lacking in knowledge or does not heed the comments at various Workshops on these topics.
- 3] Service is only part of the improvements needed. It is not just one topic. Other fundamentals as tariff formation, climate change CO2, accurate reading and demand response for load factor improvement and efficiency (power kW and energy loss kWh) come into this topic. , Mandating TOU metering and encouragement of both DG and DR are urgently needed to improve service and save investment dollars. See DOE report to Congress USA.

End-user pricing.

- 1] Observations are interesting but have no reality to what is needed for NZ to survive economically and improve export competitiveness and deal with climate change issues.
- 2] Proper measurement and management of power and energy to improve load factor anreduce un-necessary losses.
- 3] Essential high priority and universal introduction of TOU pricing to all consumers with integrated metering, comms, data management and billing, efforts to lower functional costs and eliminate the present poor performance with grossly overvalued metering assets.

Retail margins.

- 1] Observations are interesting but they do not deal with the facts or the future needs. Just discussion and provide no leadership.
- 2] Commission is not doing its analytical work correctly to help the forward needs of the country. Do the team understand what is necessary?
- 3] Absolutely a high priority by trained and knowledgeable people who understand assets, losses ,depreciation of assets valuation of assets and causes of system power and energy losses.

Retail competition indicators.

- 1] Agree with summaries
- 2] There will be very limited and falling competition until TOU metering,low cost comms, proper data management and TOU billing established. Deemed profiling is a very backward step. The Electricity work is shallow and not caried through prperly as it has serious difficulties with other establishments such as Commerce Commission who do not do their research work correctly due to lack of knowledge.

3] Detailed examination of retail competition is a major high priority to give customers, distributed generators and demand response a better deal. Examine the excellent DOE reports to Congress in USA and employ consultants who understand all the issues.

Capacity margins.

1] The analysis work is totally inadequate as the generation capacities, network capacities, unnecessary losses, and regional developments have not been analysed and the system and stakeholders have opposed both DG& DR. MED is very slow in analyzing the regulations and processes needing attention.

2] Essential and high priority work to help the nation through serious problems. Decisions must not be delayed.

Medium term co-ordination

No comments.

Real time security.

1] Agree with observations.

2] Examination is needed on, (a) The benefits of both DG and DR and pricing incentives, (b) the establishment smart grid capabilities in each distribution network, (c) the importance of both ex ante pricing at retail level on a TOU basis.

3] It is very high priority to address those items listed in (2) above.

Forward contracts.

1] Agree with observations

2] Hedge contracts must be tied up with tariff incentives for load factor improvement from both DG and DR. Please get ready, prepare, for the photovoltaic generation and digital age. Major changes are necessary and customers given incentives. It means too that metering and load management systems should be an independent service and not dominated by monopoly services.

Contract price indicators.

1] Bring in ex ante pricing at all levels and proper TOU half-hour pricing metering, comms and billing software.

LRMC.

No comment at this stage.

Generation Competition.

1] Agree with observations.

2] The status quo remains because distributed generation is not encouraged and held back by very poor and slow decision making by MED and Government. No incentives and opposing difficulties making the investments unattractive.

Instantaneous reserves.

Observations OK but insufficient work being undertaken to analyse and bring in consumer participation in reserves market. Ripple control is obsolete technology and needs to be replaced.

Frequency keeping.

A deep technical subject and no trialing of new, now available, low cost set point and rate of frequency decay devices to manage frequency from consumer end.

Why do we not conduct proper trials with these devices? I can provide full detail.

Demand-side participation.

1] Summary adequate but provides no forward policy solution.

2] There is a huge opportunity to improve load factor, both for a network and a customer and therefore reduce costs and investment. Please view the DOE Reports to Congress in USA to get some understanding.

3] I can provide considerable cost and performance information to bring in at low cost cyclic load management to avoid very serious investment. Repeatedly I have made submissions and wish to establish trials of TOU metering, DG and DR. at domestic, commercial and industrial ICPs. Have **founded Natural Systems limited** and funded a major trial on a dairy farm with Landcorp in S. Island as examples and have arranged many trials of TWACS see www.twacs.com Also founded Energy Intellect see www.energyintellect.com

Properly done we can reduce present peak demands by 20% and prepare with both DG and DR for the future.

Wish to discuss these opportunities in depths with Electricity Commission and arrange major proving trials.

B H Tolley.

