

Submitter	Comment	Response
Distributor		
	Table 1, Page 7 “Documentation” is defined as previous item, consider changing the definition.	Noted, will modify text.
	Will the risks associated with transformer faults be considered in the review?	Yes
	Analysis and consequential conclusions need to recognise and take appropriate account of data uncertainty and the consequence of data aggregation, including the possibility that subjective expert judgment may differ from analytical conclusions.	The need to take appropriate account of data uncertainty and the consequence of data aggregation is recognised. It would be an exceptional circumstance for expert judgement and analytical conclusions to be at variance.
	Is concerned that the [cost] methodology could be used as a justification for doing nothing to prevent involuntary load shedding.	If the choice is between pre-event involuntary load shedding and post-event involuntary load shedding it is appropriate to weigh up the relative costs, expected pre- and post-event volume of involuntary load shedding, and the likelihood that the respective volumes of involuntary load shedding will occur.
	Questions whether the review should also identify any outcome which is unacceptable, irrespective of the consequential cost.	The review should identify all credible events. Stakeholders, through the consultation, will be able to review and provide feedback on the events identified. Imposing costs to manage unquantified externalities needs to have a sound basis.
	Is concerned that the review does not: <ul style="list-style-type: none"> ▪ result in a move away from an N-1 security standard; and ▪ Exacerbate the apparent difference in planning and operational standards. 	The Electricity Governance Rules (rules) do not establish a strict N-1 operational standard for all possible events. Like Transpower practice before the introduction of the rules, the rules invite the System Operator to categorise events on the basis of probability of occurrence, consequence and cost of preventative measures. The review continues with this approach. The result of which is that infrequent events that would otherwise impose high costs of preventative measures are more likely to be managed through post event management measures. Event categorisation, preventative measures and event consequence will take advantage of the grid built to the defined planning standard.



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	The resultant credible event management policy needs to set out who is responsible for implementing pre- and post-event measures.	The resultant policy statement will set out the actions and processes of the System Operator, which may for example identify the need the System Operator to contract for ancillary services. If additional asset owner obligations would assist management measures these will be raised with the Commission and, if available, incorporated in subsequent event management reviews.
	Considers a VoLL of \$20k/MWh is too low and would like to understand the basis for the scenario costs of \$2k, \$5k, and \$10k/MWh and ancillary service costs (instantaneous reserves and over-frequency reserves).	The focus of the costing methodology is to enable an event management options to be ranked rather than focusing on accurate qualification of costs, especially when one of the key input assumptions, VoLL, is under review. More sophisticated costing methodologies may be appropriate in subsequent reviews.
Generator-Retailer		
	1.2. Interested to understand which “International planning and operational standards” will be reviewed and their relevance to the NZ situation?	This will be covered in consultation material released in November.
	2.5. Greater emphasis should be given to Distribution Planning and Operating Standards, especially the impact of GXP load shifting on security management and the uncertainty around regional versus national peak load control, due to RCPD load control behaviours.	Agreed.
	2.2 and elsewhere. Greater emphasis should be given to the impact of wind generation on the nature and management of credible events.	Agreed.
	Considers a VoLL of \$20k/MWh and ancillary service costs (FIR and SIR) are too low.	See similar comment by Vector and response above.
	Suggests the use of the P10, P90 approach to costs employed by the UNI, USI, and National Winter Group Plus sensitivity test on these ranges.	There is an expectation that the preferred means of management, for a given event, will be clear. If this is not the case sensitivity analysis will be undertaken.



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	<ul style="list-style-type: none"> ▪ Typos: 2.3 – missing “that”; ▪ Figure 2 “within range” rather than “above targets”? ▪ Appendix 2, missing “to”. 	Noted.
	Would like to see more extensive consultation to see, amongst others, whether there are risks and mitigation measures are consistent with those of other asset owners.	<p>A draft credible event management policy will be published in November 2009 for consultation. There will also be an opportunity to comment on the new policy as part of the annual Policy Statement review in early 2010.</p> <p>In the first instance the outcome of the credible event management policy needs to meet the requirements of the rules.</p>
	Expresses concern that the draft scope and methodology makes little mention of the likelihood of events – an essential part of risk management under AS/NZS 4360.	<p>Agreed/Noted.</p> <p>The likelihood of events will be assessed and documented in the review.</p>
	Considers that the extrapolation of historical event information fails to take into account replacements and new condition monitoring techniques.	Demonstrated improvement will be factored into subsequent credible event management reviews.
	Scope of work should allow for review of PPO’s if this would represent a more sensible option.	The scope of work is to fulfil the rules, not review the rules themselves. If possible rule improvements are identified they will be made known to the Electricity Commission (Commission).
	The import of international best practice needs to take account of New Zealand conditions.	Noted.
	The Ministry of Economic Development (MED) and Commission should be appraised of the work.	The Commission is aware of the work. At the very least any change in policy will lead to a resultant rule change which will involve the Commission and MED.
	Considers it important that there is consistency between the Grid Reliability Standard (GRS) and security policy.	<p>The Commission is responsible for ensuring there is consistency within the rules. If this exercise identifies any apparent inconsistencies this will be brought to the Commission’s attention.</p> <p>See similar comment by Vector and response above.</p>



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	Notes that the costing methodology focuses on unserved load and questions whether constrained generation dispatch is an alternative.	Constrained generation is contemplated, refer Appendix 2. However it should be noted that the focus of the costing methodology is to enable event management options to be ranked rather than focusing on accurate qualification of costs.
	Notes that the review may affect the LRMC of generation and would like to understand if and how this is to be factored into the costing methodology.	The review is being undertaken within the context of Asset Owner performance obligations (AOPOs) and the System Operator principal performance obligations (PPOs). If the review identifies consequences, like that suggested, arising from the framework created by the AOPOs and the PPOs these will be raised with the Commission.
	Notes that the VoLL is a key assumption that itself is under review.	The review of the VoLL is being undertaken by the Commission. The credible event management review timetable is already later than planned.
	Suggests that the assumptions upon which the review is based should be tested.	Many of the assumptions are based upon the environment created by the rules. Wider rule and policy development is an iterative process.
	Considers that the cost assumptions and costing methodology may be overly simplistic, and may contain inconsistencies.	The focus of the costing methodology is to enable an event management options to be ranked rather than focusing on accurate qualification of costs, especially when one of the key input assumptions, VoLL, is under review. More sophisticated costing methodologies may be appropriate in subsequent reviews.

