



25 November 2009

Steven Nutt  
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Dear Steve

### **Credible Event Management Review**

Thank you for the opportunity to provide feedback on Transpower's credible event management review.

Meridian broadly supports the proposed changes and considers that these changes to be a positive step towards ensuring a more reliable energy system and efficient outcome for New Zealand. We have a number of comments that we consider will further improve the outcomes of this review.

### **Definition – ECE for overloading**

*ECE to manage post contingency overloading and subsequent wide spread loss of supply but not necessarily cascade failure*

Meridian notes that this is a new concept in the policy statement. Previously ECE have been used to manage system frequency events that might have lead to cascade failure.

Meridian considers that a longer transition period is justified as making investment decisions in less than a year (before September 2010) is unrealistic. Meridian is concerned that changes to the security policy might be made without sufficient consideration for implementation.

Meridian does not support any changes until we have confirmation from the Grid Owner that they are ready to meet the new security policy standards. For example, Meridian envisages a number of problems if this was applied to Southland 110kV interconnectors or ROX 110kV busbar. Meridian notes that if this analysis is correct the grid reliability investigation currently under way will support investment to meet the security policy. However, Meridian considers it unlikely that this could happen before September 2010.

We understand from our discussions with the system operator that additional instantaneous reserve won't be required in the South Island to cover the ECE risk of a busbar that might lead to the loss of 360MW of generation. However we remain concerned as it doesn't appear that

the system operator has carried out robust analysis to be certain. Therefore we request that this analysis is carried and if it is found that additional reserve is required we would recommend additional consultation to cover the possible other industry developments that might result, for example how to make sure that the risk is covered efficiently.

Meridian considers that applying the risk management policy for “ECE for overloading” on core grid assets makes sense as there is a frame work for investment through the EGRs to enable appropriate investment to be made (I.e. guaranteed N-1). However we need to be careful not to apply this standard to assets where customers are able to choose the level of security that is appropriate to their needs (i.e. connection and potentially non core grid). Meridian notes that the economic analysis in the consultation paper suggests that customers will want to choose this level of security. Meridian notes that, ultimately it should be their choice as they may find themselves paying for security they don’t want or need.

#### **Suggested changes**

1. Add “core grid” to references for interconnecting transformer and busbar

We think that it is reasonable to suspend the need to manage “ECE for overloading” during short term outages on interconnecting transformers and busbars. The costs of management options or complexity of inter trips to cover short periods of time during outages potentially don’t justify the benefits. Applying a blanket rule is not necessarily the most efficient outcome. We believe the system operator should not be required to cover the risk of busbar or interconnecting transformer during short term outages.

#### **Suggested changes**

2. Please add to the part of clause 12.5 covering ECE – “The system operator may suspend management of an extended contingent event during the short term outage of related interconnecting transformer or busbar as long as plans are in place to avoid cascade failure.”

Yours Sincerely



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