

-----Original Message-----

From: Waugh David [<mailto:david.waugh@enermet.com>]
Sent: Tuesday, July 27, 2004 3:43 PM
To: Electricity
Cc: 'info@electricitycommission.govt.nz'
Subject: Submission on Revised Draft ODV Handbook

Network Performance Group
Commerce Commission
PO Box 2351
Level 6, 44-52 The Terrace
WELLINGTON

Dear Sir/Madam

Re:- Submission on Revised Draft ODV Handbook

Enermet Ltd is the market leader in the supply of Load Management products and services to the electrical supply industry in New Zealand.

For over 4 years now Enermet has been attempting to bring to the attention of, firstly, the Ministry of Commerce (MED) and then, subsequently, the Commerce Commission that a major omission still exists in the methodology for calculating ODV for an electrical lines business (ELB).

So far, to no avail.

Attached are copies of the relevant submissions, both written and verbal (ppt) that have been presented by Enermet since May 2000.

Specifically, (and repeating Enermet's submission of 1st November 2002):-

"The Handbook rigorously defines how to determine Replacement Cost (RC), how to Optimise, how to Depreciate and how to determine the EV in the final calculation of ODV.

However, nowhere in the Handbook is there a definition of how to calculate Maximum Demand (MD), which is eminently controllable in NZ through the use, or non-use, of the ripple control Load Management system, and which is fundamental in determining the size and, hence, value of all downstream assets. In the absence of any defined method, the Handbook simply assumes the historic MD figures measured at the output terminals of transformers or grid exit points should be used, irrespective of the state of disrepair of the downstream ripple control Load Management system."

Enermet would also like to take the opportunity to raise two other issues.

1. Ownership of the ripple control receivers (relays).

Upon the separation of the industry in 1999, ownership of approximately 80% of the receivers transferred with the meters to the retail

companies. The current Handbook does not allow these receivers to be included in the ODV asset base, so there is very little incentive for electrical lines businesses to purchase these back and hence run an integrated and well maintained Load Management asset. Inclusion of these as an ODV asset would, in Enermet's view, be very beneficial for the industry.

2. NSW Electricity Distribution Pricing 2004/05 to 2008/09, Final Report, June 2004.

This document has just been released by the NSW Government (IPART) and contains some ground breaking initiatives on "Providing Incentives For Demand Management" (Section 8) and on permitting the introduction of Congestion Pricing tariffs at domestic level. Both of these issues warrant greater analysis for their relevance to achieving the Demand Side requirements outlined in the NZ Government Policy Statement.

We thank you for this opportunity to, once again, submit our views.

Yours sincerely

David Waugh
General Manager
ENERMET LTD

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