

27<sup>th</sup> June 2014

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Paolo Ryan  
Commerce Commission

By email to [regulation.branch@comcom.govt.nz](mailto:regulation.branch@comcom.govt.nz)

Dear Paolo,

### **Submission on draft decision – Transpower’s Individual price-quality path for 2015-2020**

Thank you for the opportunity to comment on your draft decision. While it may seem a minor point, we are particularly heartened by the placement of the section on Grid output measures and Quality standards ahead of the section on Opex and Base capex allowances in the executive summary.

We consider that this helps with reinforcing the customer facing mindset and the objectives that Transpower will have for the next regulatory period.

Below are some comments and suggestions on some aspects of the proposed Grid output Measures and Quality Standards and Business Improvement Initiatives.

#### **1. Grid output measures and Quality Standards**

- a. OM8- We suggest that this measure should also include planned finish times as well as start times in the comparison with planned vs actual as finish timing can also have as significant impact on customers.
- b. OM9 – While it is important to receive reports on any unplanned interruptions in a timely fashion, it is also important as mentioned in para 4.42 for the customer to understand the root cause of any such incident and what measures Transpower may be taking (and indeed if there any any measures that the customer should be taking), to prevent any further similar interruptions. It is **recommended** that the measure should include a general specification of what the report should contain.
- c. We note in the Partna report para 62(c), the suggestion that “a measure of stakeholder satisfaction and engagement” could be included in measures. While this measure is likely to be quite subjective, any trends evident will complement and put context to the mainly numerical information available from other measures. It is **recommended** that this measure is included in the Grid Output measures or is included as a Business improvement initiative.

## 2. Business Improvement initiatives

- a. Voltage disturbance working group. Transpower has initiated the creation of a working group on voltage disturbance and draft terms of reference for its purpose. This is a valuable initiative especially for those customers who are sensitive to voltage disturbances. We **recommend** that regular reporting on progress on this initiative is included in the Business Improvement initiatives.
- b. Economic impact of interruptions. We consider that there must be a way to improve the present blanket VOLL as an economic measure and so any report on how to measure the economic impact of interruptions should focus on how this could be done rather on the viability of improving this measure.
- c. Categorisation of points of service. The present categorisation of points of service is a good step in differentiating in a broad sense the likely levels of service expected from each point of service. However, there appears to us to be room for significant improvement in the categorisation process by using an economic impact evaluation for each point of service which should lead to providing more granularity to performance measures.
- d. Dynamic line rating. Brief mention is made of dynamic line rating work in the Transpower RCP2 proposal. The application of dynamic line rating as we understand it does have a significant positive impact on transmission operability and capacity for very little capital expenditure. We **recommend** that implementation of dynamic line ratings where useful should be included in improvement initiatives.
- e. Asset health modelling and indicators.
  - i. We consider that monitoring asset health particularly on a fleet basis where more statistically valid data can be generated will assist with validating and improving the model. It is also a very useful method to predict risk of failure as well as allow focus on targeted maintenance and eventual replacement.
  - ii. We note the comment in Para 6.14 and G9.4 where some doubt is cast on the present Transpower Asset health Indicator model for transformers. Our understanding of an Asset health Indicator is that it is a measure of the risk of failure at any point of time. If that is so, it follows that if there is more than one failure mode for an asset ( eg tap changer, windings...), then the risk of failure is a combination of the failure modes along with their individual risks rather than the single most likely failure mode.
  - iii. When developing further asset health modelling and monitoring, consideration could be given to the eventual reporting of asset health data by connection asset to the relevant connected parties. This would form a useful forward-looking view for the connected parties and relevant data for any customer specific quality standards that might be developed. We recommend that the production of such reports would in our view be an excellent additional monitoring measure.

We thank you for the opportunity to submit on this important issue.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'L Haugh', is centered on the page.

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