

Organisation name	Eastland Generation Limited
Submitter name (on behalf):	Ben Gibson
Date	12 May 2015

#	Question	Response
1	Do you agree with this description of the purpose of the EDGS, including the material in the appendix?	Yes, The description of the purpose the EDGS is clear and well set out.
2	In the absence of regional and prudent peak demand projections being a part of the EDGS, the Ministry would like to ask for your feedback on the best way to independently verify regional and prudent peak demand projections.	If independence from Transpower is required this work could be completed by one of the larger consultancy companies such as, Energy Link, Concept, Strata or Sapere along with consultation of the appropriate Lines company and major users in the region. We agree with the Stakeholder workshop feedback that MBIE should "own" the regional and peak demand forecasts.
3	Do you agree that the key uncertainties identified in this section, and the proposed eight equally weighted scenarios, sufficiently represent overall uncertainty for the purpose of the EDGS?	<p>Eastland Generation agrees that the three major areas of uncertainty are:</p> <ol style="list-style-type: none"> 1. Overall demand growth, 2. Demand at Tiwai Point and 3. The type of generation built and where. <p>While the spread of the scenarios covers these uncertainty on demand well, the focus on generation build is on grid connected generation. As the EDGS are to be used for Transpower capex IM and the investment test a scenario with high distributed generation would be useful.</p> <p>The spread of these uncertainties is covered well by the EDGS scenarios.</p>
4	Do you have any specific feedback on the proposed EDGS capital cost assumptions which are sourced primarily from the PB generation data update 2011?	<p>From its own work, Eastland Generation believes that there are significant differences in some of the costs of the New Plants available to GEM and what a reasonable developer may expect to pay.</p> <p>This will vary on a case by case basis and is dependent on location, fuel availability and consenting, technology, steel prices and construction prices. However, these will generally fall within PB's own estimates of accuracy of +/- 30%, however some projects of similar technology could be at the lower end of the scale and others at the higher end.</p> <p>Due to the models picking the next project with the lowest LRM to meet demand growth and since the project LRM's are subject to a large variation in capital cost, the resulting list of projects and the order in which they occur is likely to differ considerably from reality. This</p>

		<p>may potentially lead to incorrect assumptions being made about future fuel mixes and technology solutions as well incorrect signals being sent to investors regarding the project likelihood.</p> <p>Eastland Generation suggests that MBIE seek, in commercial confidence, updated estimated project costs from developers or undertakes a more detailed analysis of the top 15-20 projects currently showing the lowest LRMC.</p>
5	Is the variation in key assumptions consistent with the scenario design and future uncertainty?	Yes, the variation of key assumptions is consistent with the design of scenarios to reflect future uncertainty.
6	Given the current flat demand environment, should we put more weighting on low demand growth scenarios?	No, The medium demand forecast at 1.1% is reflective of the lower demand growth that New Zealand has seen from recent years. The household residential demand at 7620Kw/annum is reflective of the reduced energy use in households today.
7	Does the high uptake of electric vehicles (and Solar PV) that are used in our Global Low Carbon Emissions scenario adequately reflect future uncertainty?	<p>This is one area of significant uncertainty and therefore there is benefit in having high and low forecast that are extreme to ensure that the three scenarios cover the full spread of plausible outcomes.</p> <p>Eastland Generation feels that the high growth forecast for solar PV should be reviewed.</p> <p>Eastland group is comfortable that the spread of growth scenarios for both EV and Solar PV is adequate to reflect the uncertainty of the future.</p>
8	Should we put more weighting on the low gas availability option given the current level of oil prices?	No, while the international oil price is historically low at present that is being driven by normal supply and demand forces i.e. more cheap supply from fracking = lower price. This imbalance will naturally change over time due to economic forces. This will drive the oil price back to the cost of new production.
9	Does the range of retirement for the Huntly units across the scenarios adequately reflect the associated uncertainty?	Considering the significant capital spend on the Huntly coal units in recent years, the take or pay coal contract, coal still in the mine that needs to be paid for and the stockpile of coal that Genesis need to use by the retirement dates appear early In Eastland Generation's opinion.
10	Are there any comments on the build schedules or other key results published in this document and the accompanying excel files?	The plant "Kawerau_TeAhiOMaui_KA22" is likely to have a 20MW capacity and is now Fully Consented.

If you wish to make any further comments or suggestions please include them below:

