Michael Boddy

Subject: FW: New WKM2201 FTR Node

From: Shane Adams [mailto:shane.adams@trustpower.co.nz]
Sent: Thursday, 25 August 2016 11:49 a.m.
To: Michael Boddy
Cc: Craig Neustroski; Craig Schubauer
Subject: RE: New WKM2201 FTR Node

Hi Michael.
Thanks for the opportunity to comment on the Mercury proposal to add WKM2201 as a reference node for FTRs.

Trustpower has previously submitted that loss and constraint rentals being reallocated directly to market purchasers is a superior and simpler solution to locational price risk than the proliferation of FTRs. We remain of this view, and hence we cannot support the introduction of any more FTR nodes than is currently the case. Increasing the number of nodes from 5 to 6 results in an increase from 20 pairwise products to 30 which we consider is becoming overly complex in terms of the effect on residual rentals. However, if any further FTR nodes were to be added, and bearing in mind the valid points made by Mercury regarding the traded volumes at Whakamaru, then Trustpower would support Whakamaru as being the single additional node, bringing total FTR nodes to 3 in the North Island and 3 in the South Island.

Regards

Shane

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