

Power firms prepare curbs

A backward hydro-electric country which tries to balance population against rain!

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Electricity companies are dusting off plans to call for public power savings despite the Electricity Commission saying a power crisis is unlikely. The companies are preparing for a third power crisis in five years after historically low inflows into the crucial South Island hydro lakes in the past six weeks.

There are concerns that the Government Policy Statement, under which the Electricity Commission operates, restricts the government regulator from calling for curbs in power use till hydro storage is critically low.

The big electricity retailers may call for power savings from households before the commission, for whom they are a last resort.

There is already a split between the commission and two big state power companies over the Government's standby dry year power plant at Whirinaki, which runs only under certain conditions. Meridian Energy and Genesis Power want those conditions relaxed.

In the winter power crises of 2001 and 2003, households and business were called on to cut their consumption by 10 per cent over six-week campaigns. There were no forced blackouts.

The companies have an informal group, CEOs Forum, which recently appointed a Dry Winter Security Coordinator to get an overall picture of the situation. The forum is made up of the chief executives of the generator-retailers, lines companies and Transpower. The coordinator will find out what the companies are doing, when they might schedule power station maintenance and what their fuel supplies are. Companies will be advised on action they can take as lake levels fall.

While some of the coordinator's activities are carried out by the commission, CEOs Forum chairman David Hunt, the chief executive of Contact Energy, said: "I don't believe we are pre-empting the commission. "I think the industry, both in terms of the individual generator-retailers and collectively, are keen to ensure that people have their plans well in place if they are required."

Hydro storage levels are below their 2001 and 2003 levels but slightly higher than they were during the 1992 power crisis.

Commission chairman Roy Hemmingway said the Government intended for market forces primarily to deal with dry years so he was comfortable with power companies providing incentives for customers to save electricity.

The Government, through the commission, did not become involved till the situation reached a pretty severe stage, he said. The commission would trigger a public savings campaign only when there was a 10 per cent chance of the hydro lakes running out of water and that was quite a way away. "Everyone wants to talk about the worst-case scenario but the truth is that's quite unlikely," Mr Hemmingway said.

A spokesman for Energy Minister David Parker said he was aware of what the power companies were doing and the minister was regularly briefed by the commission on hydro storage.

In 2003, electricity retailers had different ways of encouraging savings. In Auckland, Mercury, owned by Mighty River Power, offered rebates to households on power saved. Contact Energy asked communities to choose local causes to which they wanted to donate power savings. The last time New Zealanders had national blackouts was in 1973. The power crisis of 1992 was worse than 2001 and 2003. In 1992, there were water heating cuts for 18 hours a day, voluntary cutbacks and Comalco shut down a third of its manufacturing operation.