



FTR HUBS: CALL FOR NOMINATIONS

AUGUST 2020

Disclaimer

1. EMS, as FTR Manager, will only accept a person as an FTR participant, and will only offer and issue FTRs to that person, if the person meets all of the following requirements:
 - (a) Meets the prudential requirements in relation to FTRs set out in Part 14 of the Electricity Industry Participation Code 2010 (**Code**), as determined by the Clearing Manager under the Code.
 - (b) Is a natural person resident in New Zealand, a body corporate that is incorporated in New Zealand, or a person with a branch office or other substantial physical presence in New Zealand through which it conducts its FTR participation.
 - (c) Has provided EMS as FTR Manager with either:
 - (i) a current and valid eligible investor certificate under clause 41 of Schedule 1 of the Financial Markets Conduct Act 2013 (FMCA) in respect of the issue or sale of FTRs; or
 - (ii) a current and valid wholesale investor certificate under clause 44 of Schedule 1 of the FMCA.
 - (d) Is registered by the Electricity Authority as an Industry Participant under section 9 of the Electricity Industry Act 2010 as a trader in electricity.
 - (e) Agrees to the standard FTR participation agreement, **(authorised persons)**.
2. Information about FTRs made available by EMS through any medium (**FTR information**) is not:
 - (a) advice on, or a recommendation of, FTRs or any other investment, financial product or risk management arrangement;
 - (b) an offer or solicitation by EMS to issue or deal in FTRs or any other investment, financial product or risk management arrangement; or
 - (c) directed to any person who is not an authorised person.
3. Clause 2(c) applies to all FTR information including FTR information that is or may be accessible to persons who are not authorised persons, for example on the Internet or by being distributed outside New Zealand by persons to whom EMS initially made the FTR information available. No recipient of FTR information is authorised to distribute it outside New Zealand.
4. Prior to any person acquiring, entering into or dealing in any investment, financial product or risk management arrangement they should obtain their own tax, legal and financial advice.
5. The FTR auction, reconfiguration auction and assignment facilities provided by EMS as FTR Manager are not licensed financial product markets under the FMCA or otherwise. However, those facilities and the FTR Manager are regulated under the Electricity Industry Act 2010, Electricity Industry (Enforcement) Regulations 2010 and Electricity Industry Participation Code 2010.

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1 Introduction

1.1 Background

Energy Market Services (EMS), a business unit of Transpower, is the FTR Manager appointed by the Electricity Authority (Authority).

The extant FTR Allocation Plan 2018 was approved by the Authority Board in February 2018. The latest version of the FTR Allocation Plan (the Plan) is available at www.ftr.co.nz/plan.

The FTR Allocation Plan 2018 provides (in section **4.10 Adding new FTR Hubs**) that:

The FTR Manager will at least once every two years conduct a process to offer FTR Participants the possibility to add up to five new FTR Hubs. Non-FTR participants can request new FTR Hubs at any time, and these requests will be considered as part of this process. In conducting the process, the FTR Manager will:

- Confer with the Authority regarding the number of FTR hubs to make available, taking into consideration the Authority's work-plan and appropriations
- Determine which nodes have sufficient levels of interconnection and capacity to act as effective FTR hubs
- Seek FTR Participants' nominations for which hub or hubs each FTR Participant would prefer were added (if any), with a limit on *the number of proposed hubs per participant*
- Consolidate a list of nominated hubs, including up to five 'non-hubs'
- Invite FTR Participants to vote on their preferences for nominated hubs using a single transferable vote method
- Use both the votes and any hubs requested by non-FTR participants and the Authority to select a subset of all nominated hubs (the nominated subset)
- Invite FTR Participants and non-FTR participants to advise their costs and views on market benefits should new hubs be selected to be added
- If one or more new FTR Hubs are selected to be added, and a positive cost-benefit can be demonstrated, propose to the Authority a corresponding variation to sections 2.2 and 2.3 of the FTR Allocation Plan.

The Authority's decision on whether to approve the variation will include consideration of the cost-benefit analysis and the funds available through the Authority's appropriations. The timing of any additions will also be influenced by the time and effort required to complete the necessary changes to the FTR Manager and clearing manager systems.

The FTR Allocation Plan 2018 provides (in section **4.11 Removing FTR Hubs**) that:

The FTR hubs are listed in section 2.2. The FTR Manager will [at least once every two years] conduct a process to offer FTR Participants the possibility to remove up to [one] existing FTR Hub. In doing so, the FTR Manager will:

- Seek FTR Participant proposals for which hub each FTR Participant would prefer were removed (if any), with a limit on the number of proposed hubs per participant
- Consolidate a list of nominated hubs, including [two] 'non-hubs'
- Invite FTR Participants to vote on their preferences for nominated hubs using a single transferable vote ranking system
- Use the votes to select the [one] hub (or non-hub) using the single transferable vote method
- Invite FTR Participants to advise their costs and views on market benefits should the hub be removed
- If one existing FTR Hub is selected to be removed, and a positive cost-benefit can be demonstrated, propose to the Authority a corresponding variation to section 2.2 of the FTR Allocation Plan.

The Authority's decision on whether to approve the variation will include consideration of the cost-benefit analysis and the funds available through the Authority's appropriations. The timing of any removals will also be influenced by the time and effort required to complete the necessary changes to the FTR Manager and Clearing Manager systems.

1.3 Coordination of this consultation with the FTR Manager's Consultation on the next Allocation Plan

If at the conclusion of the hub nomination process, a prioritised sub-set of hubs demonstrate a positive CBA, then those hubs will be recommended for inclusion to the Market in the next Allocation Plan consultation. This consultation is likely to immediately follow the nomination process, and as such is likely to be issued in Q4 2020.

1.4 Coordination of the nomination process with the Clearing Manager

The hub nomination process represents the application of the Hub Criteria (Section 4.10) of the Allocation Plan. As such, the Clearing Manager will be responsible for providing the daily MIM and DSP data that matches the new hubs (once included in the Market), and will be required to receive auctions results and settle FTR periods that include the resulting new paths.

The FTR Manager will endeavour to provide regular updates by way of project meetings to minimise the risk of scheduling conflicts.

1.5 Nomination process

Table 1 below provides an overview of the Hub Nomination process. This document represents **Step 3** of the sequence, the publication of a call to participants and identified non-participants asking for hub nominations. The FTR Manager has already established hubs that have sufficient interconnection and capacity to act as FTR nodes, the final number of hubs to potentially add to the system, and sought feedback from the Authority that the necessary appropriations are in place to support the change.

1.6 Nomination timetable

The timetable for the nomination process is as follows (**dates are subject to change**):

| Sequence ID Ref | Process step | Due date | Date (other milestones) | Other FTR Milestones | Status |
|-----------------|---|--------------------------------------|-------------------------|--|-------------|
| | | | 6 August 2020 | Authority board meeting to consider Hub recommendations. | Complete |
| | | | 7 August 2020 | Authority instructs FTR Manager how many hubs can be added to the market | Complete |
| 3 | Hub Nomination 2020 (this document) out to consultation | 13 August 2020 (milestone) | | | Complete |
| 3b | Nominations due | 11 September 2020 | | | Complete |
| 4 | The FTR Manager consolidates the nominated hubs as a list | 16 September 2020 | | | In Progress |
| 5 | Ranked short list published and voting requested (credentials provided to participants) | 18 September 2020 | | | In Progress |
| 5b | Votes Returned | 24 September 2020 | | | |
| 6 | STV Algorithm applied to determine ranked/prioritised shortlist suitable for CBA | 25 September 2020 | | | |

| Sequence ID Ref | Process step | Due date | Date (other milestones) | Other FTR Milestones | Status |
|-----------------|---|---|-------------------------|---|--------|
| 7 | Costs and Benefits requested | 5 October 2020 | | | |
| 7b | Costs and Benefits Returned | 16 October 2020 | | | |
| 8 | FTR Manager creates a “final set” of hubs that demonstrate net positive CBA | 16 November 2020 (Milestone) | | This is a key milestone, and is subject to the Authority’s CBA model preferences. | |
| 9 | Proposed variation to the Allocation Plan issued as formal consultation | 18 November 2020 (Milestone) | | | |
| 10 | AP21 Consultation Responses Due | 4 December 2020 | | | |
| 11 | FTR Manager incorporates feedback into final variation to the Allocation Plan recommended to the Authority for approval | 11 December 2020 | | | |
| | | | TBD | EA Board papers must be submitted to be included on agenda for January meeting. | |
| 12 | Authority Board provide approval to the Allocation Plan | February Board Meeting (Feb X 2020) (Milestone) | | | |
| 13 | FTR Manager prepares a change request and seeks approval to implement the change to the system. | Board Meeting BD+1 | | | |

| Sequence ID Ref | Process step | Due date | Date (other milestones) | Other FTR Milestones | Status |
|-----------------|---|--------------------|--|--|--------|
| 14 | Authority provides approval to proposed Change Request | Board Meeting BD+2 | | | |
| 15 | FTR Manager initiates software change to implement Hub according to the operation date specified and recommended in the Allocation Plan variation | Board Meeting BD+2 | | | |
| 16 | | | Board Meeting + XX weeks | Clearing Manager completes necessary work | |
| 16b | | | Allow further 2 weeks for testing. FTR UAT connected to NZX PROD (DSPIM / PRUDLIM / Results payload testing) | Software testing with clearing Manager to ensure MIM and DSP data correct. | |
| 17 | FTR Manager deploys software change to the FTR Information System | (milestone) | | | |
| | | | | First Auctions to offer new FTR Hubs to the market. | |

Table 1 – Hub Nomination Sequence

| Step | Description | Status |
|----------------------|---|-------------|
| 1 | Determine the maximum number of hubs to be added | Complete |
| | FTR Manager to provide indicative costs to the Authority | Complete |
| | Clearing Manager to provide indicative costs to the Authority | Complete |
| | Authority to confirm appropriations, and consequently how many hubs can be added | Complete |
| 2 | FTR Manager to determine which hubs have sufficient inter-connectivity and capacity to be added as FTR Nodes | Complete |
| 3 | The FTR Manager then sends a call to participants and identified non-participants asking for hub nominations | Complete |
| 4 | The FTR Manager consolidates the nominated hubs as a list | In Progress |
| | The list will be amended to ensure that nominated nodes have the geographic and/or electrical distance required to provide commercial benefit | In Progress |
| 5 | This hub addition list, including 5 non-hubs, and hub removal list, including 2 non-hubs is communicated to participants who are then invited to vote | Not started |
| 6 | FTR Manager applies STV algorithm to voted hubs and non-hubs to create a ranking and determine a prioritised short list. | Not started |
| | The subset is likely to be limited to 4-6 Nodes for the hub additions and 1 nodes for hub removal, but is dependent on the number of nominations requested | Not started |
| 7 | The FTR Manager then invites participants and non-participants to provide costs and benefits associated with the introduction of each (or combination) of the nominated subset to the FTR Market | Not started |
| 8 | The FTR Manager uses the costs and benefits provided by (non)/ participants, together with the CBA framework approved with the Authority, to create a “final set” of hubs that demonstrate net positive CBA | Not started |
| 9¹ | The “Final Set” are then included as a proposed variation to the Allocation Plan (AP20) which the FTR Manager issues as a formal consultation | Not started |

¹ Step 9 above triggers an understood process for consulting and then recommending a new Allocation Plan to the Authority.

2 The Nomination Forms

The hub nomination forms are a very simple participant response designed to provide the FTR Manager with a set of ranked hubs for addition or removal.

HUB ADDITION

| Nominated Position | Hub Code | Hub Name |
|--------------------|----------------|---------------------|
| <i>Example:</i> | <i>NPL1101</i> | <i>New Plymouth</i> |
| 1 | | |
| 2 | | |
| 3 | | |
| 4 | | |
| 5 | | |
| 6 | | |

Notes

- The nominated positions of 1 to 6 represents a prioritised list
- Participants must fill the nominated positions in sequence
- Participants can nominate anywhere between 1 and 6 hubs
- There is no need to nominate non-hubs at this point, as they will be automatically included for voting in stage 5 of the process

HUB REMOVAL

| Nominated Position | Hub Code | Hub Name |
|--------------------|----------------|-----------------|
| <i>Example:</i> | <i>HAY2201</i> | <i>Haywards</i> |
| 1 | | |

Notes

- FTR participants can nominate one existing FTR hub for removal (if any)
- There is no need to nominate non-hubs at this point, as they will be automatically included for voting in stage 5 of the process

3 The Hub Long list

| | | |
|-----------|--------------------|--------------------|
| 97 | 68 220kv | 29 110kv |
|-----------|--------------------|--------------------|

The hub long-list contains 97 unique nodes, of which 68 nodes are 220kV, 29 nodes are 110kV on the electrical system (Please refer to Table 2). Some of the criteria used by the FTR Manager to determine the long list are as follows:

- All nodes are from the 220kv or 100kV electrical system
- All nodes have a relevant pnode
- All nodes have a network model bus name mapped in the PSS/E and Asset Map files provided by the Grid Owner
- The node list contains no Tee's or Transformers.

Furthermore, a full nodal assessment of indicative capacity was determined with the help of the Authority. The point-to-point capacities are provided in Table 2 below. These capacities must be read as indicative only, and are provided as a guide as they are not produced from the New Zealand production FTR system and do not account for nomogram constraints and outages.

Question 1 Do you agree with the long-list of hubs listed in **Table 2 – Long list of Hubs** as sufficient for consideration for the hub nomination process?
If not, can you suggest other hubs that should be considered, and why?

3.1 Max Number of Hubs to be added

5

In view of the licensing structure of the FTR Information System, together with the Authority's appropriations for this change, the maximum numbers of hubs that will be added to the market in AP21 is 5. The final number is dependent on passing a net positive cost-benefit analysis, and as such the final number of hubs added could be 0 (none) through to 5.

3.2 Max Number of addition votes to be cast

6

The maximum number of votes cast per participant is 6. Allowing a number greater than the max number of hubs to be added reduces the risk of a tie or stalemate when the STV algorithm processes the votes to determine the prioritised short list of hubs.

3.3 Max Number of Hubs to be removed

1

As part of the new Allocation Plan 2021, the FTR manager will conduct a process to offer FTR participants the possibility to remove up to one existing FTR hub. The final number is dependent on passing a net positive cost-benefit analysis, and as such the final number of hubs removed could be 0 (none) through to 1.

3.4 Max Number of removal votes to be cast

2

The maximum number of votes cast per participant is 2. Allowing a number greater than the max number of hubs to be removed reduces the risk of a tie or stalemate when the STV algorithm processes the votes to determine the prioritised short list of hubs.

Table 2 – Long list of Hubs

All potential nodes are on the 110kV and 220kV electrical system, and each has a corresponding 1101 or 2201 pnode (against which final prices are currently calculated)

| Hub ID | PNODENAME | SITE | Name | Network Model Bus Name |
|--------|-----------|------|---------------|------------------------|
| 1 | ALB1101 | ALB | Albany | ALB/ALB110A1 |
| 29 | ALB2201 | ALB | Albany | ALB/ALB220A1 |
| 30 | ARA2201 | ARA | Aratiatia | ARA/ARA220 |
| 31 | ASB2201 | ASB | Ashburton | ASB/ASB220A1 |
| 32 | ATI2201 | ATI | Atiamuri | ATI2/ATI220A |
| 33 | AVI2201 | AVI | Aviemore | AVI/AVI_220 |
| 34 | BHL2201 | BHL | Brownhill Rd | BHL/BHL220_A |
| 2 | BPE1101 | BPE | Bunnythorpe | BPE/BPE110A1 |
| 35 | BPE2201 | BPE | Bunnythorpe | BPE220A1a |
| 36 | BRB2201 | BRB | Bream Bay | BRB/BRB220 |
| 37 | BRK2201 | BRK | Brunswick | BRK2/BRK220A |
| 38 | BRY2201 | BRY | Bromley | BRY2/BRY220A |
| 3 | CML1101 | CML | Cromwell | CML/CML_110A |
| 39 | CML2201 | CML | Cromwell | CML/CML220A |
| 4 | CST1101 | CST | Carrington St | CST/CST110 |
| 40 | CYD2201 | CYD | Clyde | CYD2/CYD220A |
| 41 | DRY2201 | DRY | Drury | DRY/DRY220 |
| 42 | EDG2201 | EDG | Edgecumbe | EDG2/EDG220A |
| 5 | GFD1101 | GFD | Gracefield | GFD/GFD110_1 |
| 43 | GLN2201 | GLN | Glenbrook | GLN/GLN220 |
| 6 | HAM1101 | HAM | Hamilton | HAM1/HAM110A |
| 44 | HAM2201 | HAM | Hamilton | HAM2/HAM220A |

| Hub ID | PNODENAME | SITE | Name | Network Model Bus Name |
|--------|-----------|------|---------------------|------------------------|
| 59 | NPL2201 | NPL | New Plymouth | NPL/NPL220 |
| 60 | NSY2201 | NSY | Naseby | NSY2/NSY220A |
| 61 | OHA2201 | OHA | Ohau A | OHA/OHA_220 |
| 62 | OHB2201 | OHB | Ohau B | OHB/OHB_220 |
| 63 | OHC2201 | OHC | Ohau C | OHC/OHC_220 |
| 64 | OHK2201 | OHK | Ohakuri | OHK/OHK220A1 |
| 65 | OKI2201 | OKI | Ohaaki | OKI/OKI220 |
| 66 | PAK2201 | PAK | Pakuranga | PAK2/PAK220A |
| 19 | PEN1101 | PEN | Penrose | PEN1/PEN110A |
| 67 | PEN2201 | PEN | Penrose | PEN2/PEN220A |
| 68 | PPI2201 | PPI | Poihipi | PPI/PPI_220 |
| 20 | ROS1101 | ROS | Mount Roskill | ROS/ROS110A1 |
| 21 | ROX1101 | ROX | Roxburgh | ROX1/ROX110A |
| 69 | ROX2201 | ROX | Roxburgh | ROX2/ROX220A |
| 70 | RPO2201 | RPO | Rangipo | RPO/RPO220 |
| 71 | SDN2201 | SDN | South Dunedin | SDN2/SDN220A |
| 22 | SFD1101 | SFD | Stratford Power Stn | SFD1/SFD110A |
| 72 | SFD2201 | SFD | Stratford Power Stn | SFD/SFD220A1 |
| 23 | STK1101 | STK | Stoke | STK/STK_110 |
| 73 | STK2201 | STK | Stoke | STK/STK_220 |
| 74 | SVL2201 | SVL | Silverdale | SVL/SVL220-1 |
| 75 | SWN2201 | SWN | Southdown | SWN/SWN220 |

| Hub ID | PNODENAME | SITE | Name | Network Model Bus Name |
|--------|-----------|------|----------------|------------------------|
| 7 | HEN1101 | HEN | Henderson | HEN/HEN110A1 |
| 45 | HEN2201 | HEN | Henderson | HEN220A1a |
| 8 | HEP1101 | HEP | Hepburn Road | HEP/HEP110A |
| 46 | HLY2201 | HLY | Huntly | HLY2/HLY220A |
| 9 | HOB1101 | HOB | Hobson Street | HOB/HOB110 |
| 47 | HOB2201 | HOB | Hobson Street | HOB/HOB220 |
| 48 | HPI2201 | HPI | Huapai | HPI_220_1 |
| 10 | HWB1101 | HWB | Halfway Bush | HWB1/HWB110A |
| 49 | HWB2201 | HWB | Halfway Bush | HWB2/HWB220A |
| 11 | KAW1101 | KAW | Kawerau | KAW1/KAW110A |
| 50 | KAW2201 | KAW | Kawerau | KAW2/KAW220A |
| 12 | KIK1101 | KIK | Kikiwa | KIK/KIK_110 |
| 13 | KMO1101 | KMO | Kaitimako | KMO/KMO110 |
| 51 | KMO2201 | KMO | Kaitimako | KMO/KMO220 |
| 52 | LIV2201 | LIV | Livingstone | LIV/LIV_220 |
| 53 | LTN2201 | LTN | Linton | LTN_220_1 |
| 54 | MAN2201 | MAN | Manapouri | MAN2/MAN220A |
| 14 | MDN1101 | MDN | Marsden | MDN/MDN110A1 |
| 55 | MDN2201 | MDN | Marsden | MDN/MDN220A1 |
| 15 | MNG1101 | MNG | Mangere | MNG/MNG110A1 |
| 16 | MPE1101 | MPE | Maungatapere | MPE1/MPE110A |
| 56 | MTI2201 | MTI | Maraetai | MTI/MTI220 |
| 17 | MVE1101 | MVE | Morrinsville | MVE/MVE110-1 |
| 57 | NAP2201 | NAP | Nga Awa Purua | NAP/NAP220 |
| 58 | NMA2201 | NMA | North Makarewa | NMA/NMA220a1 |
| 18 | NPL1101 | NPL | New Plymouth | NPL/NPL110 |

| Hub ID | PNODENAME | SITE | Name | Network Model Bus Name |
|--------|-----------|------|----------------------|------------------------|
| 76 | TAK2201 | TAK | Takanini | TAK/TAK220-1 |
| 77 | THI2201 | THI | Te Mihi | THI2/THI220A |
| 78 | TIM2201 | TIM | Timaru | TIM2/TIM220A |
| 79 | TKB2201 | TKB | Tekapo B | TKB/TKB_220 |
| 24 | TKR1101 | TKR | Takapu Road | TKR/TKR110 |
| 80 | TKU2201 | TKU | Tokaanu | TKU-220-1 |
| 81 | TMH2201 | TMH | Three Mile Hill | TMH2/TMH220A |
| 82 | TMN2201 | TMN | Taumarunui | TMN/TMN220 |
| 83 | TNG2201 | TNG | Tangiwai | TNG/TNG220 |
| 25 | TRK1101 | TRK | Tarukenga | TRK1/TRK110A |
| 84 | TRK2201 | TRK | Tarukenga | TRK/TRK220A1 |
| 85 | TWC2201 | TWC | Tararua Wind Central | Tarar/TWC220 |
| 86 | TWH2201 | TWH | Te Kowhai | TWH/TWH220 |
| 87 | TWI2201 | TWI | Tiwai | TWI/TWI_220 |
| 88 | TWZ2201 | TWZ | Twizel | TWZ/TWZ220A1 |
| 26 | UHT1101 | UHT | Upper Hutt | UHT/UHT110-1 |
| 89 | WHI2201 | WHI | Whirinaki | WHI/WHI220 |
| 27 | WHU1101 | WHU | Waihou | WHU/WHU110 |
| 28 | WIL1101 | WIL | Wilton | WIL/WIL110A1 |
| 90 | WIL2201 | WIL | Wilton | WIL2/WIL220A |
| 91 | WPA2201 | WPA | Waipapa | WPA/WPA220 |
| 92 | WPR2202 | WPR | Waipara | WPR/WPR220-2 |
| 93 | WRD2201 | WRD | Wairau Road | WRD/WRD220 |
| 94 | WRK2201 | WRK | Wairakei | WRK2/WRK220A |
| 95 | WTK2201 | WTK | Waitaki | WTK2/WTK220A |
| 96 | WTU2201 | WTU | Whakatu | WTU/WTU220-1 |
| 97 | RDF1101 | RDF | Redclyffe | RDF/RDF110A1 |

3.5 The Addition Nomination Response

Question 2

Please use the table below to nominate up to 6 hubs (in priority order) that will be used as the basis for the FTR Manager to determine a short list for later voting.

| Nominated Position | Hub Code | Hub Name |
|--------------------|----------|----------|
| 1 | | |
| 2 | | |
| 3 | | |
| 4 | | |
| 5 | | |
| 6 | | |

3.6 The Removal Nomination Response

Question 3

Please use the table below to nominate up to 1 existing FTR hub (see section 2.2 of FTR Allocation Plan) that will be used as the basis for the FTR Manager to determine a short list for later voting. For clarity please indicate “no removal” if you do not wish to have any FTR hub removed.

| Nominated Position | Hub Code | Hub Name |
|--------------------|----------|----------|
| 1 | | |

4 STV Methodology

The Single Transferable Voting system will use Meek's Method. As described by Hill, Wichmann and Woodall (1987),

The basis of any STV system consists of the following.

- (1) Voting by order of preference of candidates, the first choice being marked 1, the second 2, and so on, on the ballot papers. (Meek also considered an alternative formulation in which voters would be allowed to indicate equal preference for some candidates instead of a strict ordering; we have not implemented this alternative.)
- (2) A quota for election, calculated from the number of votes and the number of seats to be filled.
- (3) A first counting by first preferences only, and the election of any candidate who equals or exceeds the quota (except in the special case of a multi-way tie).
- (4) Redistribution of surplus votes (above the quota) for any candidate, in accordance with the voters' further preferences, and election of any who now reach the quota.
- (5) When no further redistribution of surpluses is possible, the exclusion of the candidate who then has the fewest votes, and redistribution of those papers.
- (6) Further counting, election, redistribution of surpluses and exclusion as necessary, until all seats are filled.

In the Meek formulation the rule for redistributing surpluses is that, at every stage, if a candidate has votes totalling times the quota, then he (or she) keeps of each of those votes and passes on to the next candidate on the voter's list. This same fraction applies also to portions of votes received as parts of other surpluses. This requires the iterative solution of nonlinear equations. It is proved in Section 4 below that a solution always exists and is unique.

Furthermore, the approach to Meek's Method will be that outlined by the *NZ Dept. of Internal Affairs*. As stated by DIA, the general approach is:

Every Single Transferable Voting system for elections has the following features:

- voting by order of preference for the candidates
- a quota for election, calculated from the number of votes and the number of positions to be filled
- a first count of first preferences only, and the election of any candidate who equals or exceeds the quota (except in the special case of a multi-way tie)
- redistribution of surplus votes (above the quota) for any candidate in accordance with the voter's further preferences, and election of any candidate who then reaches the quota

- when no further distribution of surpluses is possible, the exclusion of the candidate who then has the fewest votes, and redistribution of those votes
- Further counting, election, redistribution of surpluses, and exclusion, as necessary, until all positions for election are filled

The following points explain in what ways Meek’s method is different to other forms of STV:

Vote transfer

Votes are transferred to the next preference of the voter in the exact order indicated by the voter on the voting document unless the candidate has already been excluded.

Value of surpluses

The total value of a surplus or surpluses is shared in due proportion across both transferable and non-transferable voting documents.

Sharing of votes

If a candidate is elected later in the count, or an elected candidate receives further votes, the surplus to be transferred is shared across all voting documents credited to that candidate in due proportions, not just across the voting documents that gave immediate rise to the surplus.

Recalculation of quota

As votes become non-transferable (e.g., because the number of preferences recorded in the voting document is exhausted), the quota is recalculated to reflect the smaller total of votes remaining active. The new quota then applies to already elected candidates as well as others, giving them further surpluses to redistribute.

Need for computer technology

Because the procedure required to conduct a count using Meek's method of counting votes requires a candidate to be assigned a scaling factor (a keep value) representing the proportion of each vote that will actually be credited to each candidate, the number of calculations involved requires the count to be conducted using computer technology rather than by means of a manual count

Question 4 Do you agree that Meek’s Method provides an appropriate framework upon which to structure the Single Transferable Vote process?
If not, can you suggest other methodology/ies that should be considered, and why?

5 Consultation Questions

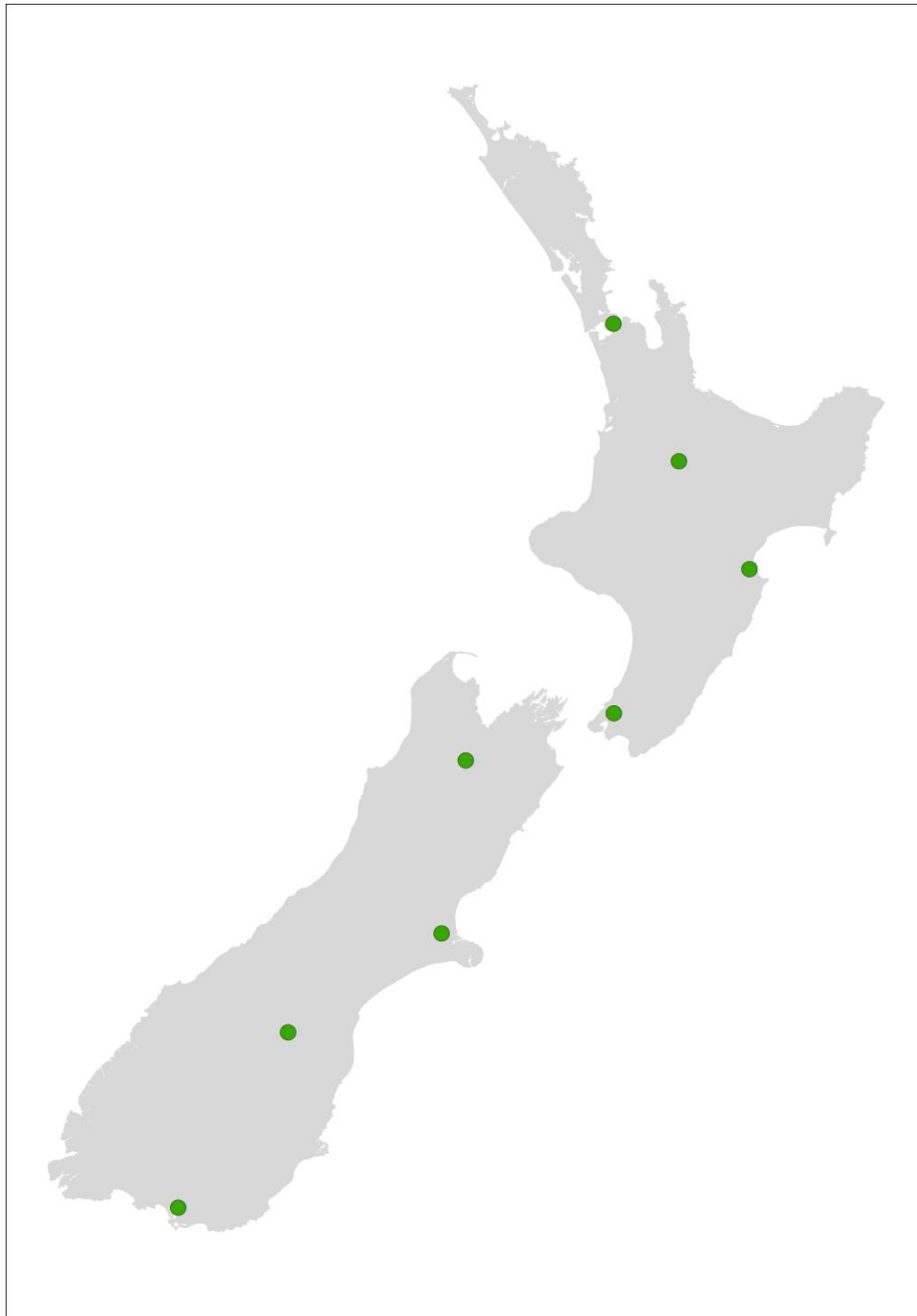
This section presents the consultation questions posed elsewhere in this paper:

| Question 1 | <p>Do you agree with the long-list of hubs listed in Table 2 – Long list of Hubs as sufficient for consideration for the hub nomination process?</p> <p>If not, can you suggest other hubs that should be considered, and why?</p> | | | | | | | | | | | | | | | | | | | | | |
|--------------------|--|--------------------|----------|----------|---|--|--|---|--|--|---|--|--|---|--|--|---|--|--|---|--|--|
| Question 2 | <p>Please use the table below to nominate up to 6 hubs (in priority order) that will be used as the basis for the FTR Manager to determine a short list for later voting.</p> <table border="1" data-bbox="432 647 1378 1111"> <thead> <tr> <th data-bbox="432 647 751 712">Nominated Position</th> <th data-bbox="751 647 1066 712">Hub Code</th> <th data-bbox="1066 647 1378 712">Hub Name</th> </tr> </thead> <tbody> <tr> <td data-bbox="432 712 751 777">1</td> <td data-bbox="751 712 1066 777"></td> <td data-bbox="1066 712 1378 777"></td> </tr> <tr> <td data-bbox="432 777 751 842">2</td> <td data-bbox="751 777 1066 842"></td> <td data-bbox="1066 777 1378 842"></td> </tr> <tr> <td data-bbox="432 842 751 907">3</td> <td data-bbox="751 842 1066 907"></td> <td data-bbox="1066 842 1378 907"></td> </tr> <tr> <td data-bbox="432 907 751 972">4</td> <td data-bbox="751 907 1066 972"></td> <td data-bbox="1066 907 1378 972"></td> </tr> <tr> <td data-bbox="432 972 751 1037">5</td> <td data-bbox="751 972 1066 1037"></td> <td data-bbox="1066 972 1378 1037"></td> </tr> <tr> <td data-bbox="432 1037 751 1102">6</td> <td data-bbox="751 1037 1066 1102"></td> <td data-bbox="1066 1037 1378 1102"></td> </tr> </tbody> </table> | Nominated Position | Hub Code | Hub Name | 1 | | | 2 | | | 3 | | | 4 | | | 5 | | | 6 | | |
| Nominated Position | Hub Code | Hub Name | | | | | | | | | | | | | | | | | | | | |
| 1 | | | | | | | | | | | | | | | | | | | | | | |
| 2 | | | | | | | | | | | | | | | | | | | | | | |
| 3 | | | | | | | | | | | | | | | | | | | | | | |
| 4 | | | | | | | | | | | | | | | | | | | | | | |
| 5 | | | | | | | | | | | | | | | | | | | | | | |
| 6 | | | | | | | | | | | | | | | | | | | | | | |
| Question 3 | <p>Please use the table below to nominate up to 1 existing FTR hub that will be used as the basis for the FTR Manager to determine a short list for later voting. For clarity please indicate “no removal” if you do not wish to have any FTR hub removed.</p> <table border="1" data-bbox="432 1294 1378 1429"> <thead> <tr> <th data-bbox="432 1294 751 1359">Nominated Position</th> <th data-bbox="751 1294 1066 1359">Hub Code</th> <th data-bbox="1066 1294 1378 1359">Hub Name</th> </tr> </thead> <tbody> <tr> <td data-bbox="432 1359 751 1429">1</td> <td data-bbox="751 1359 1066 1429"></td> <td data-bbox="1066 1359 1378 1429"></td> </tr> </tbody> </table> | Nominated Position | Hub Code | Hub Name | 1 | | | | | | | | | | | | | | | | | |
| Nominated Position | Hub Code | Hub Name | | | | | | | | | | | | | | | | | | | | |
| 1 | | | | | | | | | | | | | | | | | | | | | | |
| Question 4 | <p>Do you agree that Meek’s Method provides an appropriate framework upon which to structure the Single Transferable Vote process?</p> <p>If not, can you suggest other methodology/ies that should be considered, and why?</p> | | | | | | | | | | | | | | | | | | | | | |

6 Geographic Representations

6.1 Otahuhu, Whakamaru, Redclyffe, Haywards, Kikiwa, Islington, Benmore and Invercargill

Image 1: Existing 8 FTR Hubs



6.2 Hub Nomination Long List

Image 2: Hub Long List Geographic Location

