



24 September 2024

Electricity Authority  
PO Box 10041  
Wellington 6143

Via email: [policyconsult@ea.govt.nz](mailto:policyconsult@ea.govt.nz)

### **Consultation Paper – CRP6-002 Sharing control of load between distributors and others**

The WEL Networks appreciates the opportunity to provide feedback on item two of the Electricity Authority's (the Authority) Code review programme #6.

WEL Networks (WEL) is New Zealand's sixth largest electricity distribution company and is 100% owned by our community through our sole shareholder WEL Energy Trust. Our guiding purpose is to enable our communities to thrive, and we work to ensure that our customers have access to reliable, affordable, and environmentally sustainable energy.

While we agree that the wording in the DDA requires work, we believe that the proposed wording does not sufficiently address the whole situation.

There is no fundamental issue in considering load control as a competitive product and having a tension amongst multiple potential suppliers should lead to the most efficient pricing and beneficial use of the load. However, the physical load can only be realised once at any given time which means practically two parties cannot control 'the same load'.

We feel that the change to the DDA should make it clear that whilst the entrant may contract to control load that is already subject to control by an EDB (with customer benefit through the EDB pricing mechanism), the entrant may not enact on that control until an agreement is entered into with the EDB on handling the load.

This enables the EDB to make changes to its current control system to ensure discretionary load volumes offerings to the System Operator (SO) are adjusted so that the EDB is not put in a possible breach situation with the SO by overstating available discretionary load. There may also need to be some regulatory protection for the EDB should they be placed in breach situation by the actions of an entrant, as occurs elsewhere in the Code. e.g. Clause 11.32.

e.g. An Entrant has a contract to control load between 9am and 11am. As at 9am there are no system issues so in line with clause 5.6 the Entrant enacts control of load. At 10am an under-frequency event occurs that the SO requires load to be released to resolve. If an EDB has not adjusted its discretionary load values for the period 9am -11am prior there is a risk that there will be a shortfall in load released on the SO call at 10am.

When viewed at an individual ICP level the impact is minimal, however on aggregate (such as 10,000 ICP trial by Genesis Energy recently announced) EDB's will need to adjust their discretionary load offerings i.e. by removing third party contracted ICP loads from their controlled load volumes.





The other situation that currently exists and re-enforces the need for an agreement between Incumbent and Entrant, is that a portion of controllable load is submitted to the Reserves Market by some Incumbents. That load cannot be re-contracted by an Entrant without an adjustment to the Reserves offering which may have commercial consequences to the SO in sourcing additional Reserve load to offset the reduced offering.

A lack of co-ordination between Entrants and Incumbents could lead to customers losing power through the need for the SO to instigate an AUFLs event if a under frequency event occurs and the Reserves offerings fail to eventuate and return frequency levels.

Appendix 1 to this submission includes responses to the Authority's specific questions, in the format requested.

Should you require clarification on any part of this submission, please do not hesitate to contact me.

Yours sincerely

A handwritten signature in blue ink that reads 'Andrew Maseyk'.

Andrew Maseyk

**MEP Operations Manager**

M +64 21 984 347 DDI +64 7 850 3375

E [andrew.maseyk@wel.co.nz](mailto:andrew.maseyk@wel.co.nz)



## Appendix 1: WEL Network's response to the Authority's questions

Questions	Comments
Q1. Do you agree the issue(s) identified by the Authority need attention? Any comments?	Yes: There is an ambiguity in wording in the DDA that should be resolved.
Q2. Do you agree with the objectives of the proposed amendment? Any comments?	Yes: WEL agrees competition can reduce end costs to consumers, but integrity of the electricity system overall cannot be ignored
Q3. Do you agree the benefits of the proposed amendment outweigh its costs? Any comments?	No: As it stands, the proposal introduces risks for which the potential consequences greater than the benefits.
Q4. Do you agree the proposed amendment is preferable to any other options? If you disagree, please explain your preferred option in terms consistent with the Authority's statutory objectives in section 15 of the Electricity Industry Act 2010.	No: We believe the proposal as it stands does not provide for protection against duplication of accounting for discretionary / reserves load volumes. Nor does it acknowledge that in many cases there are commercial considerations in place (e.g. EDB price mechanisms, reserves market etc) that the entrant will need the incumbent to adjust before enacting on new control contract.
Q5. Do you have any comments on the drafting of the proposed amendment?	<p>We suggest the following refinement to the proposed changes to Part 5.</p> <p>Clause 5.2.            ...For the avoidance of doubt, the load controlled by the trader or any part of it may also be controlled by the distributor. <i>A commercial agreement may be required between the trader and the distributor to ensure there is no duplication of use of load.</i></p> <p>Clause 5.3 (b)            In any part of that load(including all of that load) is already subject to the Incumbent's right to control;</p> <ul style="list-style-type: none"> <li>i) <i>must advise the Incumbent prior to commencing control of that load,</i></li> <li>ii) <i>must control that part of the load in accordance with the protocol agreed under clause 5.6.</i></li> </ul>
Q6. Do you have any further comments on the proposal?	No





<p>Q7. Is any part of your submission confidential? If yes, please explain which part, why it is confidential and provide a publishable replacement (refer paragraphs <b>Error! Reference source not found.</b> to <b>Error! Reference source not found.</b> of the consultation paper)</p>	<p>No.</p>
---	------------

