

12 November 2024

Consultation: Part 8 Code amendment proposal – Part 1

Electricity Authority

Level 7, AON Centre

1 Willis St

Wellington 6011

Submitted by email to fsr@ea.govt.nz

To whom it may concern,

Electricity Networks Aotearoa (ENA) appreciates the opportunity to make a submission to the Electricity Authority (the Authority) consultation on *Part 8 Code amendment proposal – Part 1*.

ENA represents the 29 electricity distribution businesses (EDBs) in New Zealand (see Appendix B) which provide local and regional electricity networks. EDBs employ 10,000 people, deliver energy to more than two million homes and businesses and have spent or invested \$8 billion in the last five years.

ENA has reviewed the consultation material and has elected to respond only to proposals FSR-002, FSR-003, FSR-007 and FSR-008. You'll see that a common thread throughout our responses is the need to capture aggregators within the ambit of the Code and to ensure that they are considered in the context of the above listed proposals.

Do not hesitate to get in touch with ENA if you'd like to discuss any of the points raised in our submission. Please contact Richard Le Gros (richard@electricity.org.nz) in the first instance.

Yours sincerely,



Richard Le Gros
Policy and Innovation Manager
Electricity Networks Aotearoa

Appendix A - ENA response

Submitter Electricity Networks Aotearoa

FSR-002: Clarify that embedded generators must provide an asset capability statement in a format specified by the system operator

Questions	Comments
<p>Q2.1. Do you support the Authority’s proposal to amend the Code to clarify that:</p> <p>(a) embedded generators must provide asset capability statement information to the system operator in the form from time to time published by the system operator, and</p> <p>(b) the requirement to provide an asset capability statement to the system operator applies only to generators with a generating unit with rated net maximum capacity equal to or greater than 1MW?</p>	<p>ENA has a couple of questions related to this proposal that we urge the Authority to consider as part of their decision-making process.</p> <ul style="list-style-type: none"> • Does this requirement include aggregators, with battery or DG that (in aggregate) exceed the net maximum capacity ($\geq 1\text{MW}$), or would those be excluded from providing asset capability statements? • Would ‘asset owner that are generators’ include EDBs, hospitals, schools, etc that use generators as back-up? The definition for ‘distributed generation’ excludes ‘generating plant that is only momentarily synchronised’; however, the definition for embedded generating stations does not have this exclusion. Extending this thought slightly further, should there be a difference in compliance obligations between generators with an ‘everyday’ energy role compared with those back-up generators with e.g. limited operating hours per annum?
<p>Q2.2. Do you see any unintended consequences in making such an amendment? Please explain your answers.</p>	<p>ENA suggests that the Authority consider the questions we’ve posed in response to Q2.1 above in their decision-making process and ensure that their final Code amendments avoid any ambiguity (and potentially unintended consequences) arising from the definitional issues we’ve highlighted.</p>
<p>Q2.3. Do you agree the proposed Code amendment is preferable to the other options identified? If you disagree, please explain why and give your preferred option in terms consistent with the Authority’s main statutory objective in section 15 of the Electricity Industry Act 2010.</p>	<p>No comment.</p>

Questions	Comments
Q2.4 Do you agree with the analysis presented in this Regulatory Statement? If not, why not?	No comment.

FSR-003: Include distributors and energy storage systems as potential causers of under-frequency events

Questions	Comments
<p>Q3.1. Do you support the Authority’s proposal to amend the definition of ‘causer’ in clause 1.1 of the Code so that it refers to the action that results in a UFE, including an increase in electricity demand (load), and the consequential amendments to clauses 8.60 to 8.66, including proposed new clause 8.64A?</p>	<p>ENA supports, in principle, that the Code should be drafted such that those parties found to have caused an UFE can be found as such.</p>
<p>Q3.2. Do you see any unintended consequences in making such an amendment? Please explain your answers.</p>	<p>ENA is concerned that EDBs may be unreasonably exposed to the likelihood of being found to be a causer of an UFE, simply due to the increased complexity and greater number of generators (incl BESS) connecting to the distribution networks. Where an UFE has arisen because of issues on the distribution networks, it may be difficult in practice to determine which connected party was the ultimate causer. ENA is concerned that (unfairly) assigning blame to the EDB may be the easy way to resolve such situations.</p> <p>ENA is also concerned that the Code does not currently recognise aggregators operating on EDB networks as industry participants. It is entirely conceivable that in the not-too-distant future the actions aggregators could lead to an UFE. ENA encourages the Authority to consider how aggregators may be brought under the scope of the Code.</p> <p>ENA notes that the System Operator has significant powers and capabilities to help it avoid UFEs occurring. EDBs, by way of contrast, have far fewer mechanisms to manage the technical performance of third-parties connected to the distribution networks. If the intention is that EDBs should behave more akin to the System Operator in how they operate their distribution networks, then the Authority should give some consideration to granting them powers and capabilities similar to that entity. Alternatively, stronger requirements could be written into the Code to ensure that distribution-connected parties (e.g. DG owners/operators, aggregators, etc) must operate</p>

Questions	Comments
	<p>their assets (or pool of assets) in such a way as to avoid to risk of causing an UFE.</p> <p>Given the above observations, an unintended consequence is that EDBs are unreasonably exposed to the risk of being found to have caused an UFE, even when these are actually caused by other users of the distribution networks, that may or may not be industry participants.</p>
<p>Q3.3. Do you agree the proposed Code amendment is preferable to the other options identified? If you disagree, please explain why and give your preferred option in terms consistent with the Authority’s main statutory objective in section 15 of the Electricity Industry Act 2010.</p>	<p>No comment.</p>
<p>Q3.4 Do you agree with the analysis presented in this Regulatory Statement? If not, why not?</p>	<p>No comment.</p>

FSR-007: Treat energy storage systems as only generation for the purposes of Part 8

Questions	Comments
<p>Q7.1. Do you support the Authority’s proposal to amend the Code to treat ESSs as generation for the purposes of Part 8?</p>	<p>ENA supports a full evaluation of the role of Energy Storage Systems in Part 8 to ensure efficient operation of the electricity system. ENA notes that the Authority considers this an ‘interim’ measure.</p> <p>ENA again wishes to highlight to the Authority the current gap in the Code regarding aggregators. In this particular proposal, does the 30MW threshold only apply to single site installs, or small batteries aggregated together?</p>
<p>Q7.2. Do you see any unintended consequences in making such an amendment? Please explain your answers.</p>	<p>We encourage the Authority to address definitional and scope issues related to the increasing role of aggregators in the electricity system, to avoid any unintended consequences in these and other amendments.</p>
<p>Q7.3. Do you agree the proposed Code amendment is preferable to the other options identified? If you disagree, please explain why and give your preferred option in terms consistent with the Authority’s main statutory objective in section 15 of the Electricity Industry Act 2010.</p>	<p>No comment.</p>
<p>Q7.4 Do you agree with the analysis presented in this Regulatory Statement? If not, why not?</p>	<p>No comment.</p>

FSR-008: Clarify the definition of generating unit

Questions	Comments
<p>Q8.1. Do you support the Authority’s proposal to amend the definition of generating unit in clause 1.1 of the Code so that it refers to a generating unit having a frequency and/or voltage control system?</p>	<p>It is not clear to ENA that the Authority’s new proposed definition of ‘generating unit’ is any clearer than the existing definition.</p>
<p>Q8.2. Do you see any unintended consequences in making such an amendment? Please explain your answers.</p>	<p>As we’ve noted in our responses to the previous proposals, the Authority should consider how to appropriately capture aggregators in the Code, and the extent to which they should be considered in the definition of ‘generating unit’ as well.</p>
<p>Q8.3. Do you agree the proposed Code amendment is preferable to the other options identified? If you disagree, please explain why and give your preferred option in terms consistent with the Authority’s main statutory objective in section 15 of the Electricity Industry Act 2010.</p>	<p>No comment.</p>
<p>Q8.4 Do you agree with the analysis presented in this Regulatory Statement? If not, why not?</p>	<p>No comment.</p>

Appendix B: ENA Members

Electricity Networks Aotearoa makes this submission along with the support of its members, listed below.

Alpine Energy

Aurora Energy

Buller Electricity

Centralines

Counties Energy

Electra

EA Networks

Firstlight Network

Horizon Energy Distribution

MainPower NZ

Marlborough Lines

Nelson Electricity

Network Tasman

Network Waitaki

Northpower

Orion New Zealand

Powerco

PowerNet

Scanpower

The Lines Company

Top Energy

Unison Networks

Vector

Waipa Networks

WEL Networks

Wellington Electricity Lines

Westpower