



7 November 2017

Submissions  
Electricity Authority  
By email: [submissions@ea.govt.nz](mailto:submissions@ea.govt.nz)

## **Wind offer arrangements**

Meridian welcomes this opportunity to comment on the Authority's proposal to improve the offer arrangements for wind generators.

Meridian supports the Authority's preferred option to allow wind generators to offer their generation to the spot market in up to five price bands (like most other types of generation). Allowing wind generators like Meridian to withdraw wind generation in an efficient, centrally co-ordinated manner will likely enable efficiencies.

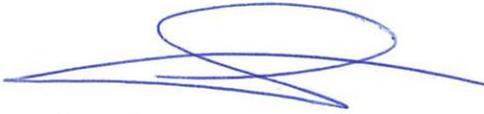
We have identified some costs to modify our internal wind offer tools and systems to utilise the full functionality of the new arrangements. However, having the option to offer more than one band will provide additional flexibility and we anticipate both commercial and security of supply benefits from the proposal in the long term.

The consultation paper does not contain an implementation plan. Meridian would appreciate further engagement on the process and timeframes for implementation of the proposal. Affected participants will need to work with the Authority to change their internal systems and fully understand how wind offering will work in practice, prior to the go live date.

Appendix A provides Meridian's comments on the specific consultation questions.

Please contact me if you have any questions regarding this submission.

Yours sincerely



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**A. Responses to consultation questions**

	<b>Question</b>	<b>Response</b>
1	Do you agree the issues identified by the Authority warrant changes to the offer arrangements for wind generation?	Yes.
2.	Do you agree with the objectives of the proposed amendment? If not, why not?	Yes.
3.	Do you agree that an unsignalled generation withdrawal limit of 30 MW allows sufficient wind farm operational flexibility and does not cause unintended consequences for wind farm owners?	Yes.
4.	Do you agree the benefits of the proposed amendment outweigh its costs?	We think it is likely that the benefits outweigh the costs. However, benefits and costs are difficult to accurately quantify as the SRMC for different generators' wind assets is likely to vary, particularly in terms of servicing and maintenance costs (e.g. whether these are done in-house or under contract). We have also identified some costs to modify our internal wind offer tools and systems and, again, we suspect these will also vary by generator. However, having the option to offer more than one band will provide additional flexibility and we anticipate both commercial and security of supply benefits from the proposal in the long term.
5.	Do you agree the proposed amendment is preferable to the other option? If you disagree, please explain your preferred option in terms consistent with the Authority's statutory objective in section 15 of the Electricity Industry Act 2010.	Yes. While the proposal is more complex than the alternative and differs to the conclusion reached by the Wholesale Advisory Group, we consider it to be preferable.  In addition Meridian's preference is to phase out the differences in gate closure for grid connected and embedded forms of generation and instead have a gate closure period of 30 minutes for both. In the long term, Meridian encourages further exploration of consistent 30 minute trading periods across all generation types.

6.	Do you agree the Authority's proposed amendment complies with section 32(1) of the Act?	Yes. Meridian considers the proposed amendments to be consistent with the objective of the Authority and necessary or desirable to promote the reliable supply of electricity to consumers and the efficient operation of the electricity industry.
7.	Do you have any comments on the drafting of the proposed amendment?	<p>Yes. We believe it may be useful in improving clarity if the definition of <b>bona fide physical reason</b> is amended to more explicitly include a situation where automated asset protection systems have actually operated, for example wind over-speed protection systems (although the comment applies equally to asset protection systems for non-intermittent as well as intermittent generators).</p> <p>The drafting appears to rely on the current paragraph (a) of the definition which states that a <b>bona fide physical reason</b> includes "...a situation where personnel or plant safety is at risk". The insertion of the following text, or similar, at the end of paragraph (a) of the definition may provide increased certainty:</p> <p><b>bona fide physical reason</b> includes,—</p> <p>(a) in relation to a <b>generator</b>, or a <b>purchaser</b>, or an <b>ancillary service agent</b> or a <b>grid owner</b>, a situation where personnel or plant safety is at risk (<u>for the avoidance of doubt this includes a situation where automated asset protection systems, such as wind over-speed systems, have operated</u>);</p>