



30 January 2018

Craig Evans
Electricity Authority
PO Box 10041
Wellington 6143
New Zealand

Sent by email only to submissions@ea.govt.nz

Dear Craig,

SUBMISSION ON THE CONSULTATION PAPER—LIST OF DISTRIBUTED GENERATION ELIGIBLE TO RECEIVE ACOT, LOWER SOUTH ISLAND

Thank you for the opportunity to provide a submission on the list of distributed generation (DG) that will be eligible to qualify to receive Avoided Cost of Transmission (ACOT) payments in the Lower South Island under the regulated terms in Part 6 of the Electricity Industry Participation Code (Code).

Tararua Wind Power considers that DG, especially at the scale of its NZ wind energy assets, can and does support the operation of the transmission grid and the achievement of the grid reliability standards, and that ACOT payments provide an appropriate means of recognising these benefits. Tararua Wind Power considers that no changes are required to the list of DG in the lower South Island that is eligible to qualify to receive ACOT payments under the regulated terms, other than to clarify the appropriate ICP for the Waipori connection at Halfway Bush, as raised in Trustpower's submission. The methodology applied by Transpower is consistent with the approach it uses in its Annual Planning Report, where it identifies the investments necessary to meet the grid reliability standards.

Tararua Wind Power also notes that support for meeting peak demand, which is the metric applied in the methodology, is just one of the benefits that DG provides to the transmission grid. The Mitton Electronet DG impact study notes that DG can also reduce transmission system losses and provide Transpower with increased operational flexibility. Neither of these benefits are reflected in the ACOT payments.

DG can and does also provide a range of benefits to distribution network operation and investment. While it is intended that generators be able to be compensated for these benefits through the distributed generation pricing principles in Schedule 6.4 of the Code, this requires negotiation with the distribution network owners. These negotiations can be challenging due to the incentives on network owners to invest in their own network assets. Tilt trusts that ensuring that DG owners are adequately compensated for its network benefits will remain a focus for the Authority as it pursues related work streams, such as its review of the distribution pricing principles.

Thank you again for the opportunity to provide a submission on this matter. Please feel free to contact Marcelle Gannon at Tilt Renewables on +61 409 799 095 if you would like to discuss this submission further.

Regards,

A handwritten signature in black ink, appearing to read "C. Deimarter".

Clayton Deimarter
General Manager Renewable Development
Tararua Wind Power Limited

Tararua Wind Power Limited
Company No. 475852

GPO Box 16080
Collins Street West
Melbourne
Victoria, 8007
Australia

Phone: +61 3 9654 3066

tiltrenewables.com