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Submissions
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LOWER NORTH ISLAND DISTRIBUTED GENERATION ELIGIBLE FOR AVOIDED COST OF TRANSMISSION (ACOT) PAYMENTS

Unison welcomes the opportunity to provide a submission to the Electricity Authority (the Authority) on the *Lower North Island Distributed Generation Eligible for Avoided Cost of Transmission (ACOT)*.

Introductory Comments

Unison's submission is primarily focused on seeking two technical clarifications from the Authority for DG on our network which appears to have been incorrectly categorised. We have refrained from providing any comment on the policy or methodology used to determine which DG should be eligible for ACOT payments. The policy and resulting Code amendment has already been consulted on (by the Authority), and the methodology developed by Transpower and consultants to determine which DG contributes to meeting grid reliability standards (GRS). This methodology is now being systematically applied across the four sections of the country.

Unison does submit, however, that a future review should be undertaken of the policy and methodology to determine:

- the workability and fit with any new Transmission Pricing Methodology (TPM) that is implemented
- that the outcome is meeting the policy requirement (e.g. that the eligible DG is helping to avoid transmission costs and investment), and
- whether the costs of ACOT are being paid to the right parties, and at the correct amount.

Technical Clarifications

1. Whaeo Distributed Generation

The DG at Whaeo (Rotorua) has not been identified on the LNI DG list due to the argument that the impending network constraint is not expected until post-2020. Unison is seeking

feedback from the Authority on several points related to this DG, which we consider should be included:

- a) Firstly, is the exclusion of Whaero from the analysis due to the way the connection is described in the registry? Whaero is regionally embedded within Unison's network, however, it is not notionally embedded. In the Registry, DG connected at 33kv and above is not recorded as DG, rather as embedded generation. Given this, Unison believes this DG may have been omitted, when it should have been included.
- b) Secondly, Unison understands that the current constraint is on the 110kv network. The assets on this network that are identified by Transpower as constrained from winter 2020 are the 110kV Rotorua-Tarukenga circuit which supplies Rotorua GXP. This is considered a Connection Asset supplying Unison. For the purpose of the ACOT analysis it is treated as a local constraint, not regional. Whaero is an embedded generator within Unison's network that provides support to this constrained part of the 110kv network. It should therefore be included in the list of generation at Rotorua GXP as it is needed to meet GRS for the transmission network.

2. Fernhill GXP

Unison is also seeking clarification from the Authority on the omission of DG connected to the Fernhill GXP from the list of eligible DG. Fernhill GXP is connected to the Hawke's Bay 110kV network which is identified as a regional constraint. Given this connectivity, it would logically follow that Fernhill GXP (and related DG) should also be included as mitigation for this constraint. Unison is seeking clarification from the Authority on this point.

Conclusion

Unison has asked the Authority to provide responses to address two omissions from the DG list, which we consider should be included. We welcome clarity on these points. Further, we have asked that the Authority prioritise setting a review of the ACOT policy and methodology, as noted above. The current approach addresses pre-existing DG up until 2023 (when the Authority has noted it will review the ACOT arrangements for LNI); however, the approach to pre-existing DG connections after that point is uncertain. The process for review and assessing the connection of new DG needs to be flexible and adaptable to be able to meet GRS, rather than done at arbitrary points in time (e.g. 5 years after implementation).

For any questions relating to this submission, please contact Roanna Vining, Senior Regulatory Affairs Advisor by phone (06) 873 9329 or email Roanna.Vining@unison.co.nz.

Yours sincerely,



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