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Submissions
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TRUSTPOWER SUBMISSION: REMOVING CONSTRAINED ON PAYMENTS FOR GENERATION RAMPING DOWN

1 Background

- 1.1.1 Trustpower Limited (**Trustpower**) welcomes the opportunity to provide a submission to the Electricity Authority (**the Authority**) on their consultation paper *Removing constrained on payments for generation ramping down (the Consultation Paper)*.
- 1.1.2 The Authority is proposing to make amendments to the Electricity Industry Participation Code 2010 (**the Code**). These changes would insert a new clause in Part 13 of the Code which would remove constrained on payments for generation that is dispatched down at its maximum ramp rate. Instead, generators would be paid the nodal price.

2 Trustpower's views

- 2.1.1 We are generally supportive of the proposed code change. We believe the issues identified are valid and the proposed change to amend the Code represents the best option to address the inefficiencies arising from constrained on payments for ramp-constrained plant.
- 2.1.2 We are however curious about the comment that the status quo undermines incentives for investors to invest in generation that is fast-ramping:

"... it may actually make investment less responsive by encouraging investment in generation that will accrue constrained on payments when ramping down"¹

This might be interesting to review post implementation. It would be peculiar for constrained on payments when ramping down to be considered a net benefit in investment decisions. Specifically with respect to hydro-generation, restrictions on ramp-rates tend to arise as a result of Resource Management Act 1991 (the **RMA**) and local authority decisions, rather than physical limitations of the generating plant. There is more to be gained in investing in fast-ramping

¹ Electricity Authority, *Removing constrained on payments for generation ramping down*, 2019. pg. 12

generation than in slow-ramping generation, particularly as we move towards having a large number of intermittent renewable generation sources on the system which will further enhance the value of fast-ramping flexible generation.

2.1.3 Finally, we would be interested in exploring in more detail the option to “Allow generators to make complex offers”. We acknowledge this would be an option better considered in a wider review so we would be supportive of the Authority in exploring it in a future work programme.

2.1.4 For any questions relating to the material in this submission, please contact me on 021 522 334.

Regards,



Richard Spearman

Energy Portfolio Manager