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Submissions
Electricity Authority
PO Box 10041
Wellington 6143

Via email: connection.feedback@ea.govt.nz

Network Connections Project: Stage One Amendments

Submission form

Submission details

Submitting organisation	Buller Electricity Limited
Contact person	[REDACTED]
Contact email	[REDACTED]

Questions

Proposal A questions: Amend the application processes for larger-capacity DG applications
A) What are your thoughts on the proposal to replace nameplate capacity with maximum export power?
BEL does not support the change from nameplate capacity to maximum export power. There are key engineering aspects of generation connection which are related to generation capacity rather than export capacity. A focus on maximum export power implies that network congestion is the primary consideration for generation connection, but this is not necessarily always the case. Furthermore, the anomaly exists where there is full self-consumption e.g. zero power export.
B) Do you support the proposed Process 2 for medium DG (>10kW and <300kW), including the proposed requirements and timeframes? What are your thoughts on the proposed size threshold? What other changes would you make to the medium DG application process, if any?
This is essentially the existing process for all DG >10kW.

While the upper limit of up to 300kW seems arbitrary it is acknowledged that this would be the case for any upper limit. The main purpose of the new process for DG of 300kW+ seems to be to create a more robust way to manage allocation of capacity rights. On a distribution network with minimal capacity constraints there will be no additional work for a DG connection of 301kW capacity/maximum export power compared with 299KW.

BEL's preference is to have a threshold related to technical aspects and complexity of the network connection – for example the connection voltage e.g. 400V, 11kV, 33kV, whether there are potential congestion issues, or if there are more than one DG connection application in close proximity. Industry guidelines could be developed to indicate the criteria which should be used to assess the complexity of a network connection and an appropriate application process e.g. low, medium or high complexity.

Including timeframes in the Code provides certainty for applicants about the maximum time an application could take but this creates a rigid process and the regulated timeframes can become the default.

BEL can adjust internal processes to manage applications and anticipates completing applications well within the timeframes stipulated for decisions by BEL. We note the overall timeframe to get to the point of final approval is also dependent on the speed with which applicants submit applications – for example the proposed Code allows the applicant up to 12 months to make a Final Application after receiving Initial approval.

c.9 proposes Distributors have discretion to process applications in accordance with its decision that in whole or in part which applications would likely involve:

- the optimal use of the distribution network [AND]
- while achieving the most long-term benefit for consumers

Currently the Code says (c.17(2) Schedule 6.1):

- (2) If this subclause applies, the distributor—
- (a) may consider the **final applications** together as if they were competitive bids to use the same part of the **distribution network**; and
 - (b) must consider the **final applications** in light of the purpose of Part 6 of this Code.

where the purpose of Part 6 is

“The purpose of this Part is to enable distributed generation and load to be connected to a distribution network or to a consumer installation that is connected to a distribution network, if being connected is consistent with connection and operation standards.”

BEL does not support being required to determine which connection “achieves the most long-term benefit for consumers”. Any discretion should relate to achieving the purpose of Part 6 of the Code (which includes consideration of the connection in relation to the Distributor's Connection and Operation Standards). A distributor should, where possible, be achieving mutual agreement to enable connection of new load and generation. Distributors assessment/approach should be required to be enabling ie ‘enable DG and load to be connected’ rather than a poorly defined ‘most long-term benefit of consumers. The latter statement comes from the Authority's statutory objective and has already been taken into account when deciding on the Code.

C) Do you support the proposed Process 3 for large DG applications ($\geq 300\text{kW}$), including the proposed requirements and timeframes? What are your thoughts on the proposed size thresholds? What other changes would you make to the large DG application process, if any?

See comments above for Process 2 regarding capacity threshold.

BEL supports the introduction of an additional step for large DG applications (Initial, Interim and Final applications required). We also agree it is a good idea for distributors to make decisions whether to approve, or otherwise, applications at each of these steps.

The regulated timeframes now include flexibility for the applicant to take up to 12 months to submit an Interim Application and up to 90 days to submit a Final Application. We suggest the Authority monitor the timeliness of applicant's progress through the regulated process as this clearly also impacts the total connection application time.

c.14 of Appendix 3 states if a distributor does not have sufficient network capacity to approve all of the grouped applications:

- The distributor and DG must use their best endeavours to amend the applications so that the distributor may consider the applications are complementary; and
- Consider which applications to progress/put on hold in whole or part taking into account the purpose of Part 6

BEL supports the requirement for applicants and the distributor to use their best endeavours for mutual gain so that both applicants can be connected.

Again, BEL does not agree with distributors being required to apply discretion based on assessing the long-term benefit of consumers. This is complicated and raises the potential for disputes which is unhelpful for both the applicant and the distributor.

If one or more of the applicants do not want a mutually agreed solution and go for a competitive solution the proposed Code reverts to requiring the distributor to prioritise applications based on the long-term benefit of consumers. BEL recommends the purpose of Part 6 (to enable connection) be used in this c.14 of Appendix 3

Note that DG and load applicants are operating in competitive markets. The distributors decision about the application to prioritise will impact outcomes in a competitive market.

D) Do you think the Authority should apply any of the proposed changes for large DG to medium DG applications also?

As discussed in section C) and D) above, BEL recommends the criteria a distributor is required to use when there is more than one final application should be the same regardless of the size of the connection asset – this applies to both generation and load applications. A distributor should be focused on fulfilling the purpose of Part 6 of the Code – to enable connections to its network – as this is distributors area of expertise.

E) What are your thoughts on industry developing the detailed policies to complement the Code changes proposed in this paper?

BEL agrees the industry should develop the detailed requirements for prioritisation, queuing and management of applications (see para 5.127-5.134 of consultation paper). This policy should provide transparency about progress of an application although a distributor still has a courtesy to keep individual applicants updated.

Our strong preference would be for the ENA to develop a standard approach to a prioritisation, queuing and management policy that is adopted by distributors on an opt-in basis.

F) What are your thoughts on the Authority's summary of capacity rights allocation?

Looking at the table on page 48 of the consultation paper, the summary of capacity rights allocation appears to be consistent with the draft Code.

However, the situation where a DG owner can request final capacity rights earlier and be given these if they commit to fully fund the necessary infrastructure seems to conflict with the Distribution connection pricing proposal that reliance on applicants up front funding be limited to 47%. Further, its unlikely a DG owner will commit to fully funding the necessary infrastructure unless / until after the distributor agrees to confer capacity rights.

It is also not clear how this 'discretion' is allowed for in the Code.

BEL notes that a capacity right in the electricity network context is not a commodity (that can be traded). Capacity is complicated and management of capacity requires detailed information and very timely communication.

Proposal B questions: Add application processes for larger-capacity load

G) For Process 3 for medium load (>69kVA and <300kVA) applications:

- **Do you support the proposed process and why?**
- **What are your thoughts on the proposed requirements, size thresholds and timeframes?**
- **What changes would you make to the medium-load application process, if any?**

Introducing a regulated connection process for load greater than 69kVA aligns with BEL's pricing group categories.

H) For Process 5 for large load (≥300kVA) applications:

- **Do you support the proposed process and why?**
- **What are your thoughts on the proposed requirements, size thresholds and timeframes?**
- **What changes would you make to the large load application process, if any?**

The proposed process provides certainty about information sharing and timeframes for both applicants and distributors.

I) Do you think the Authority should apply any of the proposed changes for large load to medium-load applications also? If so, which ones and why?

The feedback above about the criteria used in the clauses on ‘Priority of final applications’ is equally relevant here (as the Code is identical in Appendix 4 and 5 to Appendix 2 and 3 respectively).

J) What are your thoughts on the Authority’s summary of capacity rights allocation?

This summary is identical to the allocation of capacity rights for generation.

The Code and the Authority’s description of capacity rights allocation assumes capacity for generation is distinctly different to capacity for load (the two different directions of energy flow down a line). Connection of load and generation may however be complementary in that load maybe required to connect generation and vis versa. This adds additional complexity to the connection application processes.

BEL’s feedback at section F) also applies for load applicants.

K) What else does the Authority need to consider beyond the proposals in this paper and why?

No comment

Proposal C questions: Require distributors to publish a ‘network connections pipeline’ for large-capacity DG and load, and provide information on this pipeline to the Authority

L) Do you support the proposed network connections pipeline, why, why not? What changes would you make, if any? What are your thoughts on the scope of the information to be published?

BEL notes the network connections pipeline is to have information about generation and load applications where the threshold is 300kW and 300kVA and above respectively.

There will be costs for BEL to implement a process for collecting information in the format required for the publication on our website and the additional information to be sent confidentially to the Authority. The Authority has stated that this will allow the performance of the sector to be monitored, but like other information disclosures it is difficult to see how this will add any real value.

BEL has few larger generation or load applications from year to year. Compliance will be simplified if there is an option for distributors to do a ‘nil return’ approach.

c.6.3(4) includes a list of information that is to be published in aggregate at both the network and zone substation level – clauses (a)(i) to (iv) and (b)(i) to (iv). This aggregate information is sourced from the information that is to be published under clause (a)(v) and (b)(v) on each application. BEL suggests this draft Code could be simplified.

Also, the drafting creates confusion about the degree of detail required about ‘location’:

- the first sentence in c.6.3(4) states “at both network and zone substation”

- c.6.3(4)(a)(v) for each generation applications states “location”
- c.6.3(4)(b)(v) for each load applications states “location by zone substation or feeder”

BEL notes that under the proposed Code distributors and the Authority will be publishing information about maximum export power (MW) for each generation project. This compares with collecting MW capacity information on generation projects in the Transpower / Authority grid connection pipeline.¹

M) What are your thoughts on the proposal for distributors to provide information directly to the Authority on an ongoing basis?

The Authority’s ‘form and means’ of collecting this information every three months (c.6.3A(3)) must minimise the rework a distributor has to do as an application goes through the process as the only details that are likely to change are the project stage, position in pipeline and (eventually) when the generation (or load) expects to be connected (c.6.3A(3)(v)(vi) and (vii)).

BEL notes that distributors will be required to provide this information to the Authority on the first business day of January with this being unrealistic.

BEL suggests there may be concerns from applicants about confidentiality provisions. There must be a principled approach to confidentiality.

Proposal D questions: Require distributors to provide more information on network capacity

N) What do you think of the proposal to publish more information on network capacity? What challenges do you see with providing the data? What changes would you make, if any?

c.6.3(2)(da), (db), (de) and (df) require updated quarterly reporting starting on the first business day of January. It is highly unlikely any member of the public will be requiring this information on the first business day of January.

To clarify, the proposal is that distributors be required to publish quarterly:

- A list of network locations the distributor knows to be congested (da)
- A list of network locations the distributor expects to become subject to network congestion within the next 12 months (db)
- The location and available capacity, including time of use capacity, of:
 - zone substation feeders (where known) (de)
 - low voltage transformers (where known) (df)

BEL strongly supports the Code including “where known” as a caveat on providing this information.

¹ See final decision on new information on generation investment <https://www.ea.govt.nz/news/general-news/new-information-to-be-collected-for-generation-investment/>

The publishing of this information is being put forward to improve efficiency. The quality and accuracy of the information are also important considerations – under certain circumstances is it more cost effective and accurate for distributors to take enquiries from potential applicants than the cost of developing reporting and publishing this information on a regular basis?

O) What are your thoughts on the scope and granularity of the information to be published?

See feedback on N) above.

Proposal E questions: Update the regulated terms for DG

P) What are your thoughts on the proposed changes to the regulated terms?

BEL notes that the proposal is that DG can only inject reactive power into the distribution network if there is a network support services agreement between the distributor and generator (c.3(7)(b)).

Proposal F questions: Add regulated and prescribed terms for load applications and amend dispute resolution requirements

Q) What are your thoughts on the proposed regulated and prescribed terms for load? What changes would you make, if any?

BEL has adopted the regulated terms for generation. The proposal is to replicate this for load if a bilateral connection agreement cannot be negotiated.

R) What are your views on the proposed dispute resolution changes for Part 6? In what ways could dispute resolution be further improved? What are your thoughts on the alternative options to deliver dispute resolution discussed in this paper? Do you have any feedback on the 20-business day timeframe proposed?

No comment

S) Do you consider the alternative contractual terms option discussed in this paper (and in the Distribution connection pricing consultation paper) would be better than the proposal without contractual terms? What are your thoughts on the other alternative options referred to?

BEL does not support the alternative approach of developing Contractual Terms. [see paras 5.247-5.252]

Developing Contractual Terms for the Default Distribution Agreement was a time-consuming process (with several iterations already). The clear options of a bilateral contract or default regulated terms are working well and provide both distributors and applicants with certainty.

Proposal G questions: Increase record-keeping requirements for distributors
T) Do you support the proposal to increase the record-keeping requirements for distributors and why? What changes would you make, if any?
BEL notes that the proposed Code gives applicants flexibility about how quickly they progress to the next stage by submitting the required application. These are not extensions sought by the applicant. The final date when a Final Application is approved depends on the timeliness of both the applicant and the distributor. Any record keeping has to monitor both parties' timeliness.
Proposal H questions: Introduce new Part 1 definitions and amend existing definitions (Part 1 only)
U) What are your thoughts on the proposed new definitions and amended definitions for Part 1 of the Code? What changes would you make, if any?
'Second final application' is being added as a defined term. BEL suggests if the word 'second' was not bolded the meaning of the Code would still be clear without having to have a new defined term.
V) What other terms do you think the Authority should define and what definitions do you propose for those terms?
No comment
Proposal I question: Make minor and incidental amendments to Part 6
W) What are your thoughts on the proposed minor and incidental changes to Part 6? What minor and incidental changes has the Authority missed and what changes would you make, if any?
No comment – the track changes make it difficult to identify any of these minor and incidental changes.
Transitional arrangement questions
X) What are your thoughts on the transitional arrangements for the proposals in this paper? Submitters can consider individual proposals when responding to this question.
A 12 month transition period is adequate.
Y) What proposals do you consider the most important? How long do you think is needed to implement these?
No comment

Code drafting question
Z) Do you have comment on the Authority's drafting of the proposed Code changes? What changes would you make, if any?
No comment