

30 June 2026

Electricity Authority
PO Box 10041
Wellington 6143

By email to: OperationsConsult@ea.govt.nz

Dear Electricity Authority team,

Consultation Paper— *BESS Wholesale market arrangements for battery energy storage systems*

Electricity Networks Aotearoa (ENA) welcomes the opportunity to make a submission to the Electricity Authority (Authority) on its consultation paper on *BESS Wholesale market arrangements for battery energy storage systems* (the paper).

ENA is the membership organisation representing all 28 electricity distribution businesses (EDBs) that distribute electricity across Aotearoa (EDBs represented are listed in Appendix A).

EDBs employ over 7,800 people, deliver energy to more than two million homes and businesses, and have spent or invested \$6.8 billion in network assets over the last five years. ENA harnesses members' collective expertise to promote safe, reliable, and affordable power for our members' customers.

1 Introduction

ENA is supportive of the proposals from the Authority to introduce new arrangements to manage the interaction of Battery Energy Storage Systems (BESS) and the wholesale market. Our concerns and comments largely relate to the likely future operational interactions between EDBs and Distributed Energy Resources (DER), which would include embedded BESS. Rather than the specific consultation questions posed by the Authority, and our comments and recommendations are focused on cross-cutting matters relevant to several questions.

ENA anticipates a relatively near-term future system operation paradigm where Distribution System Operators (DSOs) will be actively managing power flows on the distribution networks. As part of this management, DSOs will need to be able to coordinate, constrain, schedule, or otherwise manage DER to ensure that these operate within the real-time constraints of the distribution networks. A balance must therefore be struck between establishing rules for the operation of BESS and interaction with the market in the here-and-now (the subject of this paper) and not unduly precluding the new operational arrangements on the distribution network with DSOs that are likely to emerge in the near future.

To support the successful implementation of the proposed arrangements, ENA recommends that the Authority consider the following matters as part of the final Code amendments and associated implementation programme.

1.1 Clarify the treatment of distribution network constraints

ENA supports the proposed requirement for adjusted consumption and generation capacities to account for distribution network constraints. However, distribution network constraints are not limited to static connection limits and may also include operational limits arising from network management requirements, emergency operating conditions, and future dynamic operating envelope arrangements.

ENA recommends that the final drafting make it clear that distribution network constraints may include operational limits communicated by the relevant distributor or future DSO. This would help ensure the arrangements remain fit for purpose as the sophistication and scale of distributed energy resources continue to increase.

1.2 Preserve the ability for distributors and future DSOs to establish operating envelope arrangements

The proposed arrangements largely rely on BESS owners incorporating relevant network requirements into their bids and offers. While appropriate at present, ENA considers it important that the Code does not inadvertently constrain the future development of more direct coordination mechanisms between distributors, DSOs and DER operators.

ENA therefore recommends that the Authority confirm that nothing in the proposed arrangements is intended to prevent distributors or future DSOs from establishing operating envelope arrangements that limit or shape the charging and discharging capability available for wholesale market participation.

1.3 Commit to the development of industry coordination protocols

ENA welcomes the Authority's acknowledgement that communication and coordination arrangements between distributors, BESS owners and the System Operator will become increasingly important as greater volumes of distributed flexibility resources connect to the power system.

While ENA does not consider the development of these arrangements should delay implementation of the proposed amendments, we recommend that the Authority explicitly recognise the need for future work in this area as part of its Future System Operation programme.

In particular, ENA encourages the Authority to commit to working with the System Operator and distribution sector to develop appropriate guidance, protocols and operational frameworks over time. These should address matters such as the communication of distribution network constraints, coordination between wholesale market dispatch and distribution network operations, and the management of situations where local and system-wide operational requirements may interact.

1.4 Preserve flexibility for future operational primacy arrangements

The interaction between transmission-system requirements and distribution-system requirements will become increasingly important as greater volumes of flexible distributed resources participate in wholesale and ancillary service markets.

ENA recommends that the Authority confirm that implementation of these arrangements is not intended to predetermine future decisions regarding operational primacy, coordination frameworks, or the future role of DSOs. These matters are more appropriately considered through the Future System Operation programme and related workstreams.

2 Conclusion

ENA supports the proposals contained in the Authority paper as sensible improvements to ensure that BESS interacts with the wholesale market in an appropriate and efficient manner. Our comments and suggestions above are intended to alert the Authority to what we see as a likely and desirable new operating paradigm for the distribution networks, where DSOs may also need to interact with DER (including embedded BESS). We ask that the Authority give due consideration to ensuring that the proposals in this paper do not unduly inhibit or prohibit this new operating model for distribution networks.

If you have any questions about ENA's submission please contact Richard Le Gros, Policy and Innovation Manager (richard@electricity.org.nz).

Yours sincerely



Richard Le Gros

Policy and Innovation Manager

Appendix A: ENA Members

Electricity Networks Aotearoa makes this submission along with the support of its members. Listed below are the lines companies represented by ENA:

- Alpine Energy
- Aurora Energy
- Buller Electricity
- Centralines
- Counties Energy
- EA Networks
- Electra
- Electricity Invercargill
- Firstlight Network
- Horizon Networks
- MainPower
- Marlborough Lines
- Network Tasman Limited
- Network Waitaki
- Northpower
- Orion New Zealand
- OtagoNet – represented by PowerNet
- Powerco
- Scanpower
- The Power Company – represented by PowerNet
- Top Energy
- The Lines Company
- Unison Networks
- Vector
- Waipa Networks
- WEL Networks
- Wellington Electricity
- Westpower