



10 November 2025

Electricity Authority  
PO Box 10041  
Wellington 6143

Via email: [OperationsConsult@ea.govt.nz](mailto:OperationsConsult@ea.govt.nz)

### **Consultation Paper – Emergency reserve scheme – Code amendment proposal**

The WEL Networks appreciates the opportunity to provide feedback on the above consultation.

WEL Networks (WEL) is New Zealand's sixth largest electricity distribution company and is 100% owned by our community through our sole shareholder WEL Energy Trust. Our guiding statement of strategic intent is to be leading Waikato's energy future, and we work to ensure that our customers have access to reliable, affordable, and environmentally sustainable energy.

WEL believes that the Authority has been pragmatic in several of its decisions in the drafting of its Code changes to facilitate an Emergency Reserve Scheme (ERS) by; allowing off market generation to participate, having base lines for aggregators at portfolio levels, and including reporting of the costs of an event.

It is not possible to determine the robustness or effectiveness of the proposed Code changes as many of the operational details are not covered in the consultation (e.g. how the scheme will move from the preselection panel to pre-activation and activation). We expect this will be determined when the System Operator's procurement plan has been updated. as this consultation document does not supply operational details.

In particular, the Authority has set out Code changes that allow for payments of availability payments during "emergency reserve pre-event trading periods" without details as to how these periods are to be determined by the System Operator. This makes it hard to determine if this approach is appropriate and will allow the recovery of a participant's upfront costs to participate in the scheme. Should the System Operator decide on a very narrow time frame or that the ERS is not needed in any given year that could significantly impact the participants ability to recover its costs required to be on the pre-selection panel.

WEL is of the opinion that there is too much focus on the trying to forecast the need for the ERS where the simple and pragmatic approach would be, having decided that the scheme will help reduce uneconomic load shedding then it should be available for every trading period of the year. Low residual events do happen outside of winter peak periods. A scheme that was available for the full year would ensure that if the System Operator was not able to forecast the need to use it, it would still be available for un-forecasted real time events.

An all-year scheme would also ensure that participants had certainty that their up front and ongoing costs to make load or generation available to participate in the ERS would be recoverable





Our responses to the specific questions sought by the Authority are attached and should you require clarification on any part of this submission, please do not hesitate to contact me.

Yours sincerely



Andrew Maseyk

**Regulatory Specialist**

M [REDACTED] DDI [REDACTED]  
E [REDACTED]



Questions	Comments
Q1. Do you support the Authority's proposal to amend the Code to establish an emergency reserve scheme?	Yes, WEL believes there is real merit in the introduction of the Emergency Reserve Scheme
Q2. Do you have any comments on the drafting of the proposed amendments?	While leaving decision on forecasting process to be used along with technical details of the contracts to the System Operator is a pragmatic approach by the Authority without that detail it is very hard to say the code drafting is appropriate for the expected outcomes
Q3. Do you consider any further Code amendments are required to establish the emergency reserve scheme as outlined in section 5?	As above
Q4. Do you see any unintended consequences in making the proposed amendments?	Based on a plain English reading of the Code change and without any detail provided by the System Operator, participants in the scheme have no certainty they will be able to recover their upfront and ongoing cost of participating in the scheme if there are no emergency reserve pre-event trading periods. It is also not clear how a participant would recover their full availability cost if there was a limited number of emergency reserve pre-event trading periods
Q5. Do you agree with the objective of the proposed amendment? If not, why not?	Yes, WEL agrees that both objectives will enhance market performance.
Q6. Do you agree the benefits of the proposed amendment outweigh its costs? Please provide evidence to support your view.	The authorities CBA provided by Concept Consulting appears robust. If the cost of the providers is less than VOLL on a MWh basis then using the ERS will reduce overall uneconomic load shedding.
Q7. Do you agree the amendment is preferable to the other options? If you disagree, please explain your preferred option in terms consistent with the Authority's objectives in section 15 of the Act.	Yes
Q8. Do you agree the Authority's proposed amendment complies with section 32(1) of the Act? If not, why not?	Yes

