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Electricity Authority
PO Box 10041
Wellington 6143

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

Consultation Paper – Code improvements for export limits and connection processes

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 is broadly supportive of the proposed changes, with the caveat that the proposed changes need to preserve sufficient flexibility for distributors to manage network constraints efficiently and support the transition to greater levels of distributed generation. We support greater consistency and transparency across DG connection processes, including consistent treatment of Part 1 and Part 1A applications, clearer application pathways and timeframes, and the proposed interim allowance for future DG uptake in network assessments. Overall, we consider that these changes should improve the customer experience and administrative efficiency, with benefits that are likely to outweigh the associated implementation costs.

At the same time, we consider it important that the Code does not constrain the industry's transition toward dynamic exports and dynamic operating envelopes. In our view, communications-enabled DER will be increasingly important in unlocking existing network capacity, accommodating more connections and managing constraints when and where they arise. We therefore support consumer choice but also believe distributors should retain the ability to require communications capability where justified by network conditions or where dynamic connection arrangements are required. We encourage the Authority to establish nationally consistent requirements for interoperability, communications, customer protections and service levels, with a clear pathway toward dynamic-ready connections and appropriate governance and commercial arrangements for congestion management.

We support the intent of the proposed amendments but recommend that the final drafting avoids inadvertently restricting future dynamic connection frameworks. In particular the Code should clarify that distributors may require communications functionality and ensure that any changes provide a practical foundation for the longer-term evolution of DG connection arrangements. This will help ensure the regulatory framework continues to promote efficient network operation and long-term benefits for consumers as DER penetration increases.

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



Questions on distributed generation related Code change proposals

Questions	Comments
Q30. Do you agree the Code should be amended so the 10kW default export limit also applies to Part 1 applications? Please explain your views.	WEL agrees that part 1 and part 1A applicants should receive consistent treatment regardless of the application pathway used. Network studies should remain the mechanism for justifying lower export limits. However, static limits without dynamic connection readiness (assessed per ELAM/BELAM) must still be available to consumers, these limits may be set commensurately lower (e.g. 2-2.5 kW).
Q31. Do you agree the Code should be amended so that distributors cannot limit their approved inverter lists to only communicating smart inverters or use their COPS to mandate smart inverters or flexible/dynamic export limits? Please explain your views.	WEL only partially supports this proposal. Consumers should retain choice and distributors should not mandate technologies prematurely. However, distributors should retain the ability to require communications capability where a network study demonstrates it is necessary to manage constraints efficiently or where flexible or dynamic export services are being offered. Future regulation should provide a pathway toward communications-enabled DER integration while preserving technology neutrality. Looking forward we believe the industry should actively move towards dynamic exports and dynamic operating envelopes. Smart inverters, dynamic export limits and operating envelopes can unlock more existing network capacity, enable more solar and batteries to connect, and manage constraints only when and where they actually occur. Dynamic exports are an essential enabler of long-term, sustainable investment in rooftop solar, in particular, and fairness for all DG investors irrespective of when their solar was installed. This transition should be accelerated through clear, nationally consistent rules covering interoperability, communications and how dynamic limits are applied. In parallel, the Authority and the sector need to advance the appropriate governance and accountability framework for dynamic congestion management and the development of accompanying commercial mechanisms that can inform customer choice. From today, any new inverter-connected distributed energy resource, including solar generation and battery energy storage systems, should be capable of secure remote monitoring and control through any open, recognised or otherwise interoperable communications interface. EDBs must have the ability to mandate enabling of this functionality if required. With the customer's consent, an installation with this capability can be upgraded from a static to dynamic limit in time, or it could retain a static limit in perpetuity. The upgrade option is simply not possible with a non-smart inverter.

	In practice, the capability may be provided directly by the device, through an on-site gateway, or through a manufacturer or third-party cloud platform. At a minimum, the system must enable an appropriately authorised party to implement control functions necessary for dynamic export limits and distributors should be enabled to mandate this through Connection and Operation Standards. To minimise potential inequity between existing and future DG connections, by 1 July 2027 EDBs should have Code backing to mandate dynamic connections for all new DG connections. Dynamic readiness should be standardised nationally and not materially increase costs to connecting consumers. Conditions could include standardised customer contracts, uniform device standards and device connectivity post installation, accompanied by clearly defined service levels (e.g. minimum % of daylight hours not curtailed per year), full transparency of service levels delivered, and the consequences of failing to meet those levels. While many EDBs will not actually have the capability to manage those connections dynamically, those that can should not be prevented from doing so where deemed necessary under ELAM / BELAM assessments. In practice, this means, for the vast majority of DG customers, their dynamic export limit will be equivalent to a fixed limit, for the vast majority of the time.
Q32. Do you agree the Code should be amended to allow distributors to 'build in' an extra 10% DG penetration when doing a network study, that may lead to parts of networks qualifying for export limits below 10kW? Please explain your views.	WEL supports this proposal as a transitional measure. The approach may reduce the frequency of hosting-capacity reassessment and improve administrative efficiency. In the medium-term Code should be to move towards promoting dynamic connections to make use of spare capacity rather than committing fixed capacity to early adopters which restricts future connections allocation even if they aren't making use of it.
Q33. Do you agree that a 10% allowance (as an interim measure) reduces the need for frequent network assessment. If not, what alternative level of allowance or approach should the Authority consider and why?	Yes, but benefit will depend on individual EDB processes. The allowance simply reduces the first mover advantage but does not remove it completely. Adding a DG allowance does not fully address static export limit constraints. While such conservatism is necessary in a paradigm of static limits, it could still ration capacity today for generation that may never eventuate. The direction should instead be toward dynamic management of actual network constraints, while using forecasts for network planning rather than restricting current customers. Again we encourage the EA to proactively move to dynamic connections as a default.
Q34. Do you agree the Code should be amended to explicitly require distributors to offer both Part 1A and Part 1 DG application processes? Please explain your views.	WEL supports this proposal as it strengthens the consistency across EDBs Applicants should clearly understand which process applies and have access to all Code pathways available for their connection type.

Q35. Do you agree the Code should be amended to make it clear distributors cannot extend timeframes for Part 1A applications, but should not be penalised by the time taken by the applicant to remedy a deficient application? Please explain your views.	WEL supports this proposal. The clock should stop while applicants remedy deficiencies, but distributors should not otherwise be able to routinely extend statutory timelines.
Q36. Do you agree with the objectives of the proposed amendments? If not, why not?	Partially as highlighted in other question responses. The objectives are consistent with facilitating efficient DG connections while maintaining network security and consumer choice.
Q37. Do you agree the benefits of the proposed amendments outweigh their costs?	Yes. Partially as highlighted in other question responses. The proposed amendments are largely clarifications and are expected to improve consistency, transparency and efficiency with limited implementation costs.
Q38. Do you have any feedback on the Authority's assessment of the costs and benefits and the balancing of these as set out in this paper, including any evidence of quantified costs and benefits?	The Authority's qualitative assessment is reasonable. Benefits associated with improved customer experience, regulatory certainty and reduced administrative burden are likely to outweigh implementation costs. Greater quantification would be useful in future reviews once operational data becomes available.
Q39. Do you agree the proposed amendments are preferable to the other options? If you disagree, please explain your preferred option in terms consistent with the Authority's statutory objective in section 15 of the Electricity Industry Act 2010.	We agree with the clarifications being made, but as stated elsewhere we don't believe the restrictions on dynamic connections should be codified.
Q40. Do you agree the Authority's proposed amendments comply with section 32(1) of the Act?	Yes. The amendments support efficient operation of the electricity industry and promote long-term consumer benefit through improved DG connection arrangements.
Q41. Do you have any comments on the drafting of the proposed amendments?	WEL generally supports the drafting. We recommend: • Clarifying what constitutes a "reasonable range" of non-communicating and communicating inverters. • Ensuring provisions do not unintentionally restrict future implementation of dynamic export frameworks. • Clarifying how distributors may require communications functionality where justified through specific network studies or congestion management arrangements. • Reviewing defined terms relating to "communicating inverter", "dynamic export limit" and "flexible export limit" to ensure consistency across future Code development. Overall, the drafting appears consistent with the stated policy intent.