

Electricity Authority
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New Zealand

Manawa Energy comments on Transpower's response to further questions posed relating to proposed ACOT Code change

Manawa Energy (**Manawa**) thanks the Electricity Authority (**Authority**) for the opportunity to comment on Transpower's 10 November 2022 response to a set of further questions relating to the proposed ACOT Code change that were put to it by the Authority.

We understand the Authority want to better understand Transpower's view, as Grid Owner, on the submissions from various distributed generation (**DG**) owners, including Manawa. DG owners highlighted the risks to reliable supply of electricity at particular GXPs under the proposed ACOT Code change.

We note that Transpower, as System Operator, unequivocally supports a transition arrangement for the proposed Code change to maintain incentives for DG to operate at times of peak demand. The evidence that DG put forward in submissions suggests there is a sound basis for this support. No contrary evidence has been presented.

However, the position of Transpower as Grid Owner is more circumspect. As we understand its response, the Grid Owner:

- Accepts that generation from the Kaimai, Mangahao and Ngawha generating stations, respectively, helps meet the n-1 criterion at those GXPs¹;
- Does not take a view on whether there will be adequate energy at particular parts of the grid if DG does not operate at times of peak demand;
- Does not take responsibility for connection assets not meeting n-1 criterion, unless bilaterally agreed in a bespoke contract;
- Does not consider it is legally obliged to deliver n-1 criterion grid reliability standard at each and every GXP; and
- Consequently, does not think it needs to enter into any grid support contracts in relation to its core grid obligations.

With respect to the Kaimai generation station, we consider that the 110kV lines sections from (a) Kaitemako to Tauranga; (b) Kaitemako to Mount Maunganui; and (c) Kaitemako to Tauranga – Mount Manganui are all core grid.² In Transpower's latest Transmission Planning Report it is clear that the n-1 criteria cannot be met at these locations in the absence of Kaimai generation.

¹ We note that these DG were identified via examples in submissions and that there may be other DG required to meet the n-1 criterion.

² 110 kV Tarukenga to Tauranga and Tarukenga to Mt Maunganui is listed in schedule 12.3 of the Code. The Tarukenga to Kaitemako sections of these lines has subsequently upgraded to 220 kV and a new 220/110 kV interconnection bank established at Kaitemako.

Calderwood Advisory analysis shows that in 2021 Kaimai generation was required to be generating for 474 trading periods in order to maintain n-1 security for the lines feeding Tauranga. Our view is that the impact of Kaimai generation is on the core grid, and not just at the GXP where Manawa injects.

However, regardless of the semantics and legal obligations of the Grid Owner, we are confident that end users will expect the n-1 criterion to be met at both the GXP and the lines leading from it. Certainly, they will not expect a deterioration in reliability from 1 April 2023 when the new TPM commences.

We maintain our view that the Authority's statutory objective, which requires it to promote the reliable supply of electricity by the industry for the long-term benefit of consumers, will be best promoted by a phased transition over a five-year period.

If you have any questions please contact Fiona Wiseman, Head of Policy, Risk and Consenting