

17 May 2022

Nova Energy Limited
PO Box 3141, Wellington 6140

Submissions
Electricity Authority
PO Box 10041
Wellington 6143

By email: policyconsult@ea.govt.nz

RE: Proposed amendments to the policy statement

Nova Energy (Nova) is broadly supportive of the proposed changes to the policy statement. As stated in the consultation document the changes are largely minor and aid clarity of the policy statement.

Nova's only reservation is with one of the of two requirements added to clause 114.2, i.e.:

- 'Parameters for system dynamic and system security analysis, such analysis to be undertaken in a manner consistent with international practice.'

Clause 115.4, under the second bullet point, already has similar wording:

- 'Identify parameters for system dynamic and system security analysis, such analysis to be undertaken in a manner consistent with international practice.'

These clauses provide Transpower with wide scope to determine whatever parameters that may suit its purposes, i.e. 'international practice' can vary widely, and the size and composition of generation assets and demand connected to a grid can provide quite different answers to the same issues. Nevertheless, engineering practice is also inclined to adopt a conservative approach to determining such system parameters.

Nova's concern is that decisions made on this basis can potentially create excessive and unnecessary costs for parties wishing to connect generation plant to the grid. Given the expected requirement for growth in generation capacity in coming years, delays in adding new generation could have a significant impact on electricity prices.

To avoid that risk, Nova recommends that the Authority should retain the right to review connection standards that could have a long-term impact on the cost of supplying electricity to consumers, including this one. As such, Nova proposes the following additional wording for the above clauses:

- 'Parameters for system dynamic and system security analysis, such analysis to be undertaken in a manner consistent with international practice **and as approved by the Electricity Authority.**'

A more comprehensive response to the same concern would be to add a new provision to the Policy Statement, or the Code that refers to the Policy Statement. Such a provision should give market participants the right to appeal to the Electricity Authority to review the standards being applied under the policy in any situations where the applicant feels that Transpower is using its discretion to the disadvantage of the market. This would provide a check on Transpower from adopting a standard, for instance, that may be applicable in an electricity network overseas that is unreasonable in the New Zealand context. Any such appeal should be at the cost of the applicant, excepting where the appeal is held up and Transpower's position is overturned.

The presence of such a provision should cause Transpower to not overstep good industry practice in setting system standards and should not be a problem to it.

This point is consistent with Nova's submission on the draft Future Security and Resilience Roadmap in that the Authority should take a more pro-active role in its oversight of the Transmission System, and thereby ensuring that the generation and DER developers are not unnecessarily delayed in bringing their projects to market.

Yours sincerely



Paul Baker

Commercial & Regulatory Manager

P +64 4 901 7338 E pbaker@novaenergy.co.nz