

1/09/2020

Submissions
Electricity Authority
PO Box 10041
Wellington 6143

By email to Part6hosting.Submissions@ea.govt.nz

To whom it may concern,

Re: Consultation Paper—hosting capacity sunset clause

This letter represents Unison’s submission on the Authority’s consultation on inclusion of a sunset clause in Part 6 of the Code relating to new eligibility criteria for connecting distributed generation. Unison has read the EEA’s submission and supports it.

The Authority’s rationale for a sunset clause is as follows:

“2.13 Renewable energy technology is evolving rapidly, along with the international standards that seek to standardise the equipment and installation procedures. In times of rapid technological development, fixed regulations can have the undesirable effect of locking in provisions that regulators consider to be appropriate at a point in time but which, over time, become inefficient roadblocks to ongoing innovation. In this case, the Authority seeks to balance the less desirable features of static regulation with a time limit.

2.14 While it is likely, that the inverter standard could be re-issued with further updates within the 5-year time period, the proposed end date of 5 years from the date the amendment comes into force will force a review, if the power quality issues related to distributed generation have not been resolved.

2.15 The end date incentivises distributors to adopt further change, including new technology, and develop competitive solutions, as well as ensure the Code does not lock in an engineering solution that may become outdated given the speed of technology change.

2.16 An alternative to the end date is an obligation for the Authority to undertake an operational review of Part 6 within 5 years. This option could have a wider scope than the proposed end date option, but has limitations if the review doesn’t occur (for example, because the Authority’s priorities change) and the Code locks in an outdated engineering solution. This alternative provides no incentive on distributors to seek technology or competition solutions to potential power quality issues on its network, and may leave the Code in a state where technology has superseded it.”

While we agree it is important for Regulations to not lock in engineering solutions that may be superseded, we do not agree that a sunset clause would incentivise distributors to adopt “further changes, new technologies or develop competitive solutions”. Standards exist to ensure

consistency, stability and lower transaction costs. The reality is that New Zealand is a technology-taker, and is likely to follow technology shifts and solutions than develop small-scale local solutions. It is difficult to envisage that distributors would be able to overcome the transaction costs of developing new methods of managing power quality issues with multiple small-scale agents connecting distributed generation to networks. The most likely outcome of a sunset arrangement is that distributors would simply be forced to accept inverters that are compliant with the standard, which could mean the absence of advanced power-quality modes if the standard is not reviewed within the five-year time horizon. We therefore think the preferred approach should be to mandate a review of the required standards.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Nathan Strong' with a stylized flourish at the end.

Nathan Strong
GENERAL MANAGER BUSINESS ASSURANCE