

29 May 2023

Electricity Authority
Level 7, ASB Bank Tower
2 Hunter Street
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Wellington

Manawa Energy submission– Review of common quality requirements in Part 8 of the Code

Manawa Energy (**Manawa**) welcomes the opportunity to provide a submission to the Electricity Authority (the **Authority**) on its review of common quality requirements in Part 8 of the Code (the **Issues Paper**), as part of the Authority's wider Future Security and Resilience Project.

The Issues Paper identifies concerns with the common quality requirements in Part 8 of the Code that are occurring, or expected to occur, as a result of the uptake of inverter-based variable and intermittent resources, and/or how the Code enables different technologies.

Introducing Manawa Energy

Manawa is New Zealand's largest independent¹ electricity generator and developer, currently responsible for around 5 percent of Aotearoa New Zealand's existing generation capacity.

Manawa operates a portfolio of 44 power stations across 25 hydro-electric power schemes, supplying around 5% of New Zealand's electricity needs. Manawa also supplies around 600 Commercial and Industrial customers with electricity.

Approximately 60% of this electricity is connected to ten different distribution networks across New Zealand, which makes this portfolio the largest owner of distributed generation (DG) in New Zealand with a strong interest in the impacts of any changes to common quality requirements.

Manawa's views

Our view is that the first-principles approach taken to identify the common quality issues successfully captured the seven key issues and described them appropriately. We now look forward to actively working with the Authority to determine how these issues should be addressed and what the impact of any changes to the common quality requirements would mean for Manawa's unique position. We consider that the establishment of the Future Security and Resilience Common Quality Technical Group will be a fantastic way to facilitate this collaboration.

As Manawa is interested in these issues from the perspective of being both an existing generation owner/operator and a new renewable generation developer, we would also like to take this opportunity to highlight that we are pleased the Issues Paper recognises that changes to technical requirements do incur costs (which ultimately flow through to consumers).

Our existing assets are predominately small to medium hydroelectricity schemes with unique characteristics, and we therefore have concerns relating to any increased costs (both direct and indirect)

¹ By independent we mean without any integrated mass market retail business

that may result from changes to the common quality requirements as these will ultimately increase the long-term costs to consumers.

We note there is a suggestion in the paper that the current arrangements for generating stations below 30 MWs create an incentive to build smaller stations to avoid frequency support obligations (Issue 1). We consider this requires further exploration, as in our experience it is the economics of a generation opportunity that more strongly drives decision-making.

As we collaboratively work through the process of identifying any potential changes to common quality requirements (including frequency support obligations) we encourage the Authority to consider grandfathering arrangements for existing generation assets, where appropriate. There is precedence for grandfathering in other jurisdictions where changes to technical requirements have been made, as seen in Western Australia's Technical Rules for transmission and distribution systems and facilities² and the Australian Energy Market Commission's determination on wind farm dispatch³.

If you have any questions regarding the content of this submission, please contact Mike Moeahu, Engineering Services Manager

² <https://www.westernpower.com.au/media/2312/technical-rules-20161201.pdf>

³ <https://www.aemc.gov.au/sites/default/files/content/f5714de5-ecf9-46c8-9e85-4ad87ebc444a/Final-Rule-Determination.pdf>