

24 July 2023

Electricity Authority  
Level 7, ASB Bank Tower  
2 Hunter Street  
P O Box 10041  
Wellington

## Manawa Energy submission– Review of forecasting provisions for intermittent generators in the spot market

Manawa Energy (**Manawa**) welcomes the opportunity to provide a submission to the Electricity Authority (the **Authority**) on the solutions proposed in its *Review of forecasting provisions for intermittent generators in the spot market* issues and options paper (the **Options Paper**).

The Options Paper presents four proposed solutions to improve the accuracy of intermittent generation forecasts: decentralised forecasting responsibility; centralised forecasting responsibility; a hybrid model; and a compulsory ahead market and balancing market.

### Introducing Manawa Energy

Manawa is New Zealand's largest independent<sup>1</sup> 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.

### Manawa's views

Manawa agrees with the Authority's assessment that inaccurate forecasts create uncertainty and as we see an uptake of wind and solar generation, this risk of uncertainty is going to increase. It is essential the system operator has the right tools in place to manage this risk to ensure supply efficiently meets demand at all points in time. We are therefore supportive of this review and concur with the Authority that it is timely. The solution needs to be determined in the near term, before significant investment is made in intermittent generation and the internal forecasting systems that go along with it.

We are broadly in agreement with the assessment of each of the four solutions presented in the Options Paper and it is our strong preference that a centralised forecasting approach is taken. Manawa has experience with centralised wind forecasting in Australia's National Electricity Market and found it worked well. We see that there is value in everyone consistently forecasting. Whilst there will still be forecasting errors via this approach, the errors will be consistent across parties. Given the large amount of intermittent generation we expect to see in the coming years (from both current and new market participants), our view is that a centralised approach is the most future proof. However, it is important to not get misalignment between internal processes and system operations and it would therefore be necessary for participants to get access to the output of any centralised model (securely).

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<sup>1</sup> By independent we mean without any integrated mass market retail business

Finally, whilst we are supportive of this review and making changes to the forecasting arrangements, we urge the Authority to remain cognisant of the fact that irrespective of what solution is selected it will come at a cost to industry. Given that forecasts are inherently inaccurate, and you are never going to get a perfect solution, it is important that the level of cost is efficiently balanced with the diminishing returns of accuracy.

If you have any questions regarding the content of this submission, please contact Grace Burtin, Regulatory Manager