

26 July 2023

Sarah Gillies  
Chief Executive  
Electricity Authority  
PO Box 10041  
WELLINGTON 6011

Sent via email: [forecasting@ea.govt.nz](mailto:forecasting@ea.govt.nz)

Dear Sarah

## **Review of forecasting provisions for intermittent generators in the spot market**

1. This is a submission from the Major Electricity Users' Group (MEUG) on the Electricity Authority's (the Authority's) issues and options paper "*Review of forecasting provisions for intermittent generators in the spot market*"<sup>1</sup> published for consultation on 14 June 2023.
2. MEUG members have been consulted on this submission. This submission is not confidential. Members may lodge separate submissions.

### **Support improvements to forecasting approach**

3. MEUG supports the Authority's review into the uncertainty of intermittent generation forecasts. The consultation paper provides a clear summary of the issues and economic costs caused by this uncertainty, and how this uncertainty impacts on others in the wholesale market, particularly those who need to make decisions ahead of time (thermal generators and increasingly demand side participants).
4. As the share of wind generation is forecast to grow significantly, we believe it is timely and prudent to look at possible solutions to improve both the accuracy and frequency of intermittent generation forecasts in the spot market. There seems to be merits in exploring either a decentralised forecasting arrangement with incentives/standards (option one), a centralised forecasting arrangement (option two) or a hybrid approach (option three).
5. However, MEUG does not support any option that socialises the costs of centralised wind forecast across all market participants.<sup>2</sup> We strongly believe that each type of generation should be responsible for the costs of its own forecasting requirements (as all other fuel types currently do) and these costs should be factored into the generators

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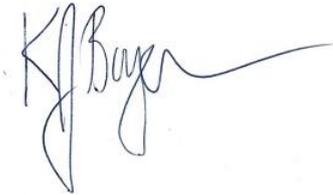
<sup>1</sup> [https://www.ea.govt.nz/documents/3151/Issues\\_options\\_paper\\_-\\_intermittent\\_generation\\_forecasts.pdf](https://www.ea.govt.nz/documents/3151/Issues_options_paper_-_intermittent_generation_forecasts.pdf)

<sup>2</sup> As summarised in Table 5, page 42 of the consultation paper.

offers into the market.

6. If you have any questions regarding our submission, please contact MEUG on 027 472 7798 or via email at [karen@meug.co.nz](mailto:karen@meug.co.nz).

Yours sincerely



**Karen Boyes**  
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