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Electricity Authority

Submitted by email: [OperationsConsult@ea.govt.nz](mailto:OperationsConsult@ea.govt.nz)

28 September 2023

Dear Electricity Authority

**RE: Dispatch notification enhancement and clarifications – Consultation paper**

Thank you for the opportunity to provide feedback on the consultation paper regarding dispatch notification enhancement and clarifications.

Enel X works with commercial and industrial energy users to develop demand-side flexibility and offer it into wholesale capacity, energy and ancillary services markets worldwide, as well as to network businesses. Enel X has been offering customer load into the instantaneous reserve market in New Zealand since 2009.

This short submission does not comment on the specific proposals within the consultation paper, but rather reflects on the broader question of whether the dispatch notification and dispatchable demand frameworks are the most effective mechanism for catalysing greater levels of demand side participation in the electricity market.

The dispatch notification and dispatchable demand frameworks are intended to encourage loads to participate in the energy market by providing demand bids that indicate their price responsiveness. However, in Enel X's experience operating in many global markets, demand bidding mechanisms have failed to see any meaningful uptake. This is because the benefits rarely outweigh the costs, complexity and risks of participating. While the proposed change regarding aggregation makes sense, it does not address this fundamental issue. As a result, there remains very little incentive to participate, and it's therefore unclear whether the mechanism will see any meaningful level of participation.

In Enel X's view, there are other, more effective ways to bring demand flexibility into the energy market. Enel X will be providing a submission to MBIE's consultation on advancing New Zealand's energy transition, which will set out our views on this in more detail.

We look forward to ongoing engagement with the Electricity Authority on this framework. If you have any questions or would like to discuss this submission further, please do not hesitate to contact me.

Regards

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