

Dispatch notification enhancement and clarifications

Decision paper

26 January 2024

Executive summary

The Electricity Authority Te Mana Hiko (Authority) has decided to amend the Electricity Industry Participation Code 2010 (Code) in relation to the dispatch notification product to:

1. enhance the dispatch notification product by enabling load aggregators with resources spread across several locations (grid exit points or GXPs) to apply to the system operator to bid aggregates of their resources at fewer GXPs
2. clarify that obligations on dispatch notification purchasers only impact Part 13 of the Code relating to trading arrangements (in particular, that there are no reconciliation requirements specific to dispatch notification participants)
3. clarify that participants in dispatch notification will need to provide appropriate data to the Authority to enable us to monitor compliance.

The dispatch notification product provides a low-cost path for owners or aggregators of small-scale generation and flexible load, such as electric vehicle (EV) chargers, solar and battery installations or commercial building load management, to directly participate in the wholesale electricity spot market. Dispatch notification went live in April 2023 as a part of the real-time pricing project.

We expect the implementation of the amendments will help realise and/or further deliver the benefits of dispatch notification, by promoting competition in the wholesale market for the long-term benefit of consumers. This will support innovation and the electrification of the economy by facilitating earlier access of distributed energy resources and demand flexibility to the wholesale market.

The Authority consulted on the proposals in September 2023 and received six submissions and three cross-submissions on its consultation. Submissions were received from four load aggregators, Transpower in its role as system operator (system operator), the Major Energy Users Group (MEUG), the Electricity Networks Aotearoa (ENA), and two distributors. The system operator also gave us additional feedback that provided further clarification of its submission. We appreciate the efforts of all submitters in providing their feedback and have considered all views in making our final decisions.

All submitters providing feedback on the two clarifications supported the proposed amendments.

A range of feedback was provided on the proposed enhancement. Most submitters supported the aim of our enhancement to remove barriers to market entry. The key issues raised related to concerns about inaccuracies in the locational (nodal) modelling that could result from aggregation across GXPs, and whether an alternative proposal would provide better outcomes.

The Authority considers that risks associated with potential locational inaccuracies from its enhancement can be managed

The system operator's submission (supported by Vector and MEUG in their cross-submissions) raised concerns that locational (nodal) inaccuracies caused by aggregation across GXPs create risks to the operation of the power system.

We note that our amendments provide the system operator with an ability to decline applications to aggregate across GXPs, as well as to amend, revoke or suspend previous

approvals. The amendments also provide that the system operator assigns the GXPs at which aggregated resources are bid. In practice, the system operator will be able to work with an aggregator to determine the number and locations of GXPs it requires them to bid at, and how much resource is assigned to each of those GXPs. The Authority considers, therefore, the system operator will have the flexibility it needs to protect against any material operational risks.

To protect against operational risks, the system operator submitted that, at any single GXP, they would only be able to accept a very low amount of assigned resource (resource assigned for bidding purposes to a GXP where it is not physically located).

We appreciate the system operator signalling this. We acknowledge this means larger aggregators may be required to bid at a greater number of GXPs. Similarly, we acknowledge this means new applicants and existing participants may be required to bid at an increasing number of GXPs as participation grows.

The Authority considers its enhancement will provide benefits despite such limitations, as the system operator will be able to accept some level of aggregation across GXPs without creating material operational risks.

The Authority's enhancement enables the system operator to operationally manage greater participation in the near term

The system operator submitted that its preferred solution (which Vector supported) would be for it to remove its minimum size thresholds for bids and require bids at each GXP where the resource is located (per-GXP bidding). In the system operator's view, its preferred solution would provide greater locational accuracy and be more durable than our enhancement.

The Authority agrees that the system operator's preferred solution is appropriate for the long term.

However, the system operator has confirmed to the Authority that, in the near term, it would be unable to accommodate per-GXP bidding for a current aggregator that has resources located at a large number of GXPs. This is because the system operator would need tool development to operationally manage the large number of dispatch nodes. The system operator indicated it would likely accept aggregation across GXPs for this aggregator in the near term.

We consider, therefore, our amendments will enable greater participation by aggregators with geographically diverse resources in the near term. The flexibility provided to the system operator to approve aggregation across GXPs will allow them to manage operational concerns while participation grows.

In our view, our amendments will also provide benefit to small aggregators, while they are growing their customer base. This is because the cost and complexity of per GXP bidding is likely to be a greater barrier to participation for smaller businesses. We note, as an aggregator grows larger, the system operator may amend their approval to increase the number of GXPs they are required to bid at. At that stage, however, we consider the aggregator will be more able to absorb the increased costs and complexity of bidding at a larger number of GXPs.

The Authority will work with the system operator to scope the necessary tools changes for their preferred option. As participation nears the point where the system operator cannot

manage the increasing number of dispatch nodes they require aggregators to bid at, we will prioritise the implementation of the changes.

We consider the benefits of our enhancement will be in enabling demand side participation to grow to the point that the system operator's tool upgrade becomes needed. Our enhancement may still provide value following the tool implementation in cases where new, smaller-scale, participants benefit from aggregation to manage their portfolio of resources as they grow.

The Authority considers its enhancement provides net benefits

Having considered the feedback received, we conclude our amendments will deliver benefits in the short to medium term, by enabling greater participation in the spot market from:

- small aggregators, while they are growing their customer base
- aggregators with resources physically located at many GXPs, at least in the near term while the system operator develops tools and processes that are robust for the long term.

We consider the costs associated with our amendments will be low. The main costs relate to the management of applications by the system operator.

Due to the benefits of increased participation, and the low cost of implementation, we consider our enhancement will deliver net benefits.

The Authority will continue to assess requirements for the demand response market

The Authority acknowledges the demand response market in Aotearoa-New Zealand is in its early stages of development. We will monitor the market as it develops and ensure the Code evolves alongside it.

We will also work with the system operator to assess if, and when, tool and process development may be required. This will include assessing the costs and benefits of the system operator's preferred solution.

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1. Purpose

- 1.1. In September 2023, the Authority consulted on one proposed enhancement and two proposed clarifications to the dispatch notification product. This decision paper outlines:
- (a) our decisions to implement Code amendments giving effect to those proposals
 - (b) our reasons for making these decisions following consideration of submissions.

2. Terms defined for this paper

- 2.1. We have defined the following terms for this paper to help describe points more succinctly. These terms relate to our enhancement.
- (a) **aggregation across GXPs**: where resources are physically located across more than one GXP, bidding aggregates of these resources at fewer GXPs
 - (b) **assigned resource**: aggregated resources that have been assigned for bidding purposes to a GXP where they are not physically located
 - (c) **geographically diverse resources**: for an aggregator, resources that are physically located across a large number of GXPs
 - (d) **per GXP bidding**: requiring bids at every GXP where a load aggregator's resource is physically located.

3. Submissions and additional feedback

- 3.1. We received six initial submissions from industry stakeholders. Consultation ran from 1 September to 29 September 2023.
- 3.2. We also received three cross-submissions. The cross-submission period closed on 13 October 2023.
- 3.3. A table of submitters can be found in Appendix A.
- 3.4. After submissions closed, we also obtained additional feedback from the system operator that clarified some aspects of its submission.
- 3.5. Submissions, and the system operator's additional feedback, are available on the Authority's website.¹

¹ Electricity Authority. 2023. *Dispatch notification enhancements*. Available at: <https://www.ea.govt.nz/projects/all/rtp/consultation/dispatch-notification-enhancements/>

4. The Authority consulted on one enhancement and two clarifications relating to dispatch notification

- 4.1. The dispatch notification product provides a low-cost path for owners or aggregators of small-scale generation and flexible load, such as EV chargers, solar and battery installations or commercial building load management, to directly participate in the wholesale market.
- 4.2. The dispatch notification product was implemented as a part of the real-time pricing project in April 2023² to enable wider demand-side participation. Enabling wider demand-side participation promotes competition in the industry by encouraging flexible resources to enter the market. It therefore supports our primary statutory objective – to promote competition in, reliable supply by, and efficient operation of, the electricity industry for the long-term benefit of consumers.
- 4.3. We consulted on:
 - (a) **enhancing** the dispatch notification product by enabling load aggregators with resources spread across several locations (grid exit points or GXPs) to apply to the system operator to bid an aggregate of their resources at a single GXP (item 1)
 - (b) **clarifying** that obligations on dispatch notification purchasers only impact Part 13 of the Code relating to trading arrangements (in particular there are no reconciliation requirements specific to dispatch notification participants) (item 2)
 - (c) **clarifying** that participants in dispatch notification will need to provide appropriate data to the Authority to enable it to monitor compliance (item 3).
- 4.4. The proposed enhancement was aimed at removing unnecessary costs associated with load aggregators participating in dispatch notification and removing barriers to entry into the market. The remaining two proposed amendments sought to clarify the Code to be consistent with the policy intent communicated during industry engagement for the real-time pricing project.
- 4.5. We consider the clarifications will support, and the enhancement will further deliver, the intended benefits of dispatch notification at minimal cost for the long-term benefit of consumers.

²Electricity Authority. Spot market settlement on real-time pricing. Available at: <https://www.ea.govt.nz/projects/all/rtp/>

5. The Authority has decided to enable dispatch notification purchasers to apply to aggregate across GXPs (item 1)

- 5.1. Following consideration of submissions, the Authority has decided to implement the Code amendments we proposed in our consultation paper³ for item 1.
- 5.2. These amendments provide for load aggregators to apply to the system operator to aggregate across GXPs.
- 5.3. We consider these amendments will further deliver the intended benefits of dispatch notification by reducing barriers to participation for providers of small-scale resources. This will promote competition in the wholesale market for the long-term benefit of consumers. It will also support innovation and the electrification of the economy by facilitating earlier access of distributed energy resources and demand flexibility to the wholesale market.
- 5.4. The detail of what we consulted on, submitters' views and our assessment, are set out below.

What we consulted on

- 5.5. In our consultation paper we explained that the Authority considered there are costs and barriers associated with a load aggregator bidding at each GXP where their resources are physically located. We considered that costs to both the system operator and aggregators would increase as the number of GXPs requiring bids increased.
- 5.6. The Authority proposed amendments that sought to reduce the costs and barriers associated with load aggregators participating in the spot market, while allowing the system operator the discretion to manage system security and dispatch optimisation.
- 5.7. We proposed to amend the Code to enable load aggregators to apply to the system operator to bid, as dispatch notification purchasers, aggregates of their resources at fewer GXPs than their resources are located at (aggregation across GXPs). We considered this would reduce costs and barriers associated with participating in the spot market.
- 5.8. However, we acknowledged that aggregation across GXPs would cause inaccuracies in the locational (nodal) modelling within the market system, and that it is important to ensure this does not significantly impact system security, dispatch optimisation and price signals.
- 5.9. Our proposed amendments provided that the system operator would assign the GXP(s) at which the aggregated resource would be bid. The amendments also

³ Electricity Authority. *Dispatch notification enhancement and clarifications – consultation paper*. September 2023. Available at: https://www.ea.govt.nz/documents/3652/Dispatch_notification_enhancement_and_clarifications_-_consultation_paper.pdf

provided the system operator the ability to decline an application to aggregate across GXPs based on its ability to comply with its principal performance obligations for system security under the Code, as well as a broad discretion to amend, revoke or suspend a prior approval. The system operator would therefore be able to control the amount of assigned resource at each GXP.

- 5.10. We considered these provisions would ensure the system operator could act to prevent any material inaccuracies in the locational modelling in order to maintain system security. This would also mean that dispatch optimisation and price signals would not be significantly affected.
- 5.11. Our proposal included that only dispatch notification purchasers would be able to aggregate across GXPs. Because of this, our proposal also included that the system operator would be required to suspend or revoke an approval to aggregate across GXPs if a purchaser changed from a dispatch notification purchaser to a full dispatchable load purchaser.

Submitters' views and our assessment

- 5.12. Submitters generally agreed with the aim of removing barriers to participation by load aggregators in the spot market, and the importance of maintaining accuracy of the nodal market modelling.
- 5.13. In the following sections, we address points raised in submissions under the following themes:
 - (a) scope and nature of benefits of the proposed enhancement
 - (b) locational inaccuracies and net benefits
 - (c) alternative solutions and durability
 - (d) out of scope matters.

Scope and nature of benefits of the proposed enhancement

What submitters said

- 5.14. Some submitters raised points relating to the scope and nature of benefits from our proposed enhancement.
- 5.15. The system operator submitted that the scope for aggregation across GXPs would be very low before it would need to restrict participation to maintain system security. However, both the system operator and Octopus Energy considered there would be an opportunity for small scale aggregators to benefit from the proposed solution.
- 5.16. Octopus Energy and Vector considered that participants would generally have sufficient technological expertise to ensure that the additional cost of bidding and responding to dispatch instructions at a larger number of GXPs would not cause a barrier to entry.
- 5.17. However, Octopus Energy noted that there were still some operational complexities and so the cost saving from aggregation across GXPs was not negligible. SolarZero considered that bidding at each GXP where resources are located is potentially a major challenge and barrier to entry.

- 5.18. Octopus Energy considered the main benefit of our proposal was in getting around the minimum threshold of 1MW per bid (nominally the system operator has a 1MW threshold but has noted exceptions may apply). Aggregation across GXPs would mean parties could bid resources physically located at GXPs with less than 1MW of resource.
- 5.19. In its additional feedback the system operator confirmed that, even if the 1MW threshold were removed (discussed in the following section), there is at least one current aggregator for whom they would be unable to accommodate per GXP bidding, due to the large number of GXPs where that aggregator's resources are located.
- 5.20. Octopus Energy considered that providing visibility to the system operator of smart technologies, such as EV charging and home batteries, is going to be essential in keeping electricity costs down for consumers. However, they also considered that traders could manage spot market risk by responding to prices without bidding into the market.
- 5.21. The system operator, in their additional feedback, confirmed that it would prefer to have full visibility of price responsive resources. They acknowledged that aggregation across GXPs could provide a means to achieve this for aggregators with geographically diverse resources, for whom they would be unable to accommodate per GXP bidding.

Authority's response

- 5.22. The Authority largely agrees with these points. We appreciate the system operator signalling that, at any single GXP, the amount of assigned resource it would likely allow under our proposal is very low (we address this point further under the locational inaccuracies and net benefits section below).
- 5.23. In our view, our amendments will remove barriers to participation in the spot market by small aggregators and aggregators with resources physically located at a large number of GXPs. We consider the lower the barriers to entry, the more likely load aggregators will signal their price responsiveness through bids in the market.
- 5.24. For smaller aggregators, the increased cost of per GXP bidding is a greater barrier because they cannot as readily absorb these costs. Our amendments will enable earlier entry to the spot market, allowing them to learn to operate their business in the market while the potential for significant adverse impact on the market is low. This will allow them to operate more efficiently and reliably as they grow, leading to improved system security and market signals in the longer term.
- 5.25. As an aggregator grows, the system operator may modify how they participate (for example, by requiring them to supply bids at more GXPs). At that stage, however, we consider the aggregator will be better positioned to absorb any additional costs that may result from this modification.
- 5.26. For aggregators with resources located across a large number of GXPs, the system operator is currently unable to operationally manage per-GXP bidding. Through aggregation across GXPs, our amendments will enable such aggregators to bid a greater amount of their resources into the market. Doing so will provide greater

visibility of price responsive resources to the system operator and the wider market. This will allow for greater system security and more accurate price signals.

- 5.27. We consider the benefits of our amendment will be greatest in the near term. We discuss this further in the alternative solutions and durability sections.

Locational inaccuracies and net benefits

What submitters said

- 5.28. The system operator emphasised the importance of maintaining accurate locational modelling. Both Vector and MEUG supported this comment in their cross-submissions.
- 5.29. The system operator submitted that locational inaccuracies as a result of aggregation across GXPs could present operational risks. They stated that, because of these operational risks, the costs would outweigh the benefits of the proposal.
- 5.30. As noted above, the system operator signalled that, to protect against operational risk, it would likely only be able to accept a very low amount of assigned resource to be bid at any single GXP.
- 5.31. The system operator clarified in its additional feedback this was due to its experience trialling aggregation across GXPs with SolarZero during winter 2023. During the trial, all of SolarZero's resources in a given island were assigned to a single GXP, resulting in a large amount of assigned resource at the chosen North Island GXP. The system operator stated that aggregating loads of that magnitude creates operational difficulties, due to discrepancies between the load modelled in the market system and that indicated by real-time metering. The system operator indicated that such discrepancies would not have an adverse impact if the amount of assigned resource at any single GXP was very low.
- 5.32. To ensure the amount of assigned resource at any GXP remained acceptably low, the system operator indicated that it would likely require some aggregators, such as SolarZero, to bid at several GXPs.
- 5.33. The system operator also indicated that it would prefer to have full visibility of price responsive resources through aggregation across GXPs than to have to restrict participation. Without aggregation across GXPs, they would need to restrict the number of resources that could be bid by geographically diverse aggregators so as to limit the quantity of dispatch nodes. This is because managing a large number of dispatch nodes would create unacceptable operational risks.

Authority's response

- 5.34. The Authority agrees with submitters that it is important to maintain accurate nodal modelling. We appreciate the system operator signalling that, at any single GXP, the amount of assigned resource it would likely allow under our proposal is very low.
- 5.35. In our view, even a low level of aggregation will provide net benefits in the near term. This is because we consider our amendments will enable greater

participation, while allowing the system operator to protect against material operational risk, at low cost, through appropriate management of applications.

- 5.36. We consider our amendments will enable greater participation from aggregators with geographically diverse resources, in the near term (as discussed above). We note the system operator's preference for full visibility of an aggregator's price responsive resources rather than having to restrict participation.
- 5.37. We consider the system operator will be able to protect against material operational risk, given its flexibility under the Code to manage applications.
- 5.38. Our amendments provide the system operator with an ability to decline an application to aggregate across GXPs based on its ability to comply with its principal performance obligations for system security under the Code, as well as a broad discretion to amend, revoke or suspend a prior approval.
- 5.39. Additionally, our amendments provide for the system operator to assign the GXPs at which aggregated resources are bid. We note that the system operator might manage operational risks by limiting the amount of assigned resource at any single GXP. This would include requiring aggregators with geographically diverse resources to bid at several GXPs.
- 5.40. We consider the costs associated with our amendments will be low. This is because the main costs relate to application management by the system operator. These costs can be kept low using simple rules about the circumstances under which applications will be accepted and maintained.
- 5.41. As mentioned above, our amendments also provide benefits in respect of small aggregators.
- 5.42. We consider, therefore, the benefits of the proposed enhancement – improved system security and market signals as a result of enabling greater participation in the market – will outweigh the low costs of implementing the proposal.

Alternative solutions and durability

What submitters said

- 5.43. The system operator provided two potential alternatives to the Authority's proposal, which it considered would be more durable and provide greater locational accuracy in the market modelling:
 - (a) Their preferred solution: remove any minimum size barriers but require all dispatch notification purchasers to bid at each GXP where their resources are physically located (per GXP bidding). This would require tool development if it resulted in a high number of dispatch nodes. The system operator confirmed in its additional feedback that tool upgrades cannot be implemented in the near term, at least not for winter 2024. They also stated that there is currently insufficient interest in dispatch notification participation from aggregators to drive the need for these tool upgrades.
 - (b) Allow dispatch notification purchasers to aggregate up to 5MW of resources but only from GXPs where their total resource is less than 1MW. Allocation factors from the assigned GXP to the GXPs where the resources are physically located would also be required under this alternative, to provide

better modelling of power flows at the nodal level. This option would require more development than their preferred option.

- 5.44. In their cross-submission, Vector expressed support for the system operator's preferred solution, due to the greater locational accuracy it would provide.
- 5.45. The system operator and Simply Energy considered that it was important for Code amendments to be durable, to provide greater certainty to investors. In the system operator's view, our proposed solution would not be durable because it allows for the system operator to restrict participation.
- 5.46. The system operator elaborated in its additional feedback that its concern is that aggregators would be disinclined to participate due to uncertainty about whether the system operator may amend their previously approved applications to require them to bid at a larger number of GXPs. Octopus Energy acknowledged this potential outcome.

Authority's response

- 5.47. The Authority considers the amendments provide the system operator flexibility to manage operational risks in the near term while developing tools and processes that are robust for the long term.
- 5.48. We note that both of the system operator's alternatives cannot be fully implemented in the near term without tool development. In our view, the system operator's preferred solution is an appropriate long-term solution. However, as the system operator acknowledges, current participation levels do not justify the tool enhancements.
- 5.49. As discussed previously, aggregation across GXPs addresses operational risks associated with greater participation in the near term. This will allow participation to grow to the point where the preferred tool changes are necessary and justified.
- 5.50. The demand response market in Aotearoa New Zealand is in its early stages of development. The potential future uptake of dispatch notification by load aggregators, and therefore the potential benefit of the system operator's proposed solutions, is uncertain at this time. The Authority is keen to encourage greater uptake of dispatch notification.
- 5.51. We will be monitoring the demand response market as it develops and ensuring the Code, as well as the system operator's tools and process, evolves alongside it. This will include working with the system operator to determine if and when their proposed solutions are required. After making our amendments, we will have flexibility to develop the system operator's alternative solutions as no further Code changes would be required.
- 5.52. We acknowledge the system operator's advice that there is a limit to how much aggregation they would accept (as discussed above). We appreciate this would mean, as participation grows, they will require new and existing aggregators to bid at a greater number of GXPs. At some point, they would be unable to operationally manage the increasing number of dispatch nodes. We will prioritise the implementation of tool upgrades for the system operator's preferred solution as participation nears that point.

- 5.53. We note that the system operator's secondary proposal includes a limit on the amount of aggregation the system operator would accept. This means that, even if their secondary proposal was implemented, their preferred solution may still be required at some future point to enable increased participation.
- 5.54. We understand that investors and prospective participants' decisions may be impacted by uncertainty about whether and for how long the participant will be able to aggregate across GXPs. This uncertainty can be limited by signalling to the market the circumstances under which aggregation would likely be allowed. The system operator has already indicated that the scope for assigned resource at any single GXP is likely very low. We expect they will provide more detail in their application guidelines about how they will manage applications to aggregate across GXPs.
- 5.55. We also consider the impact of the future uncertainty about the number of GXPs an aggregator will be required to bid at is likely to be low (at least in the short to medium term). In our view, the system operator is likely to allow smaller aggregators to bid at a small number of GXPs because they present a lower operational risk. Larger aggregators, on the other hand, are less likely to be impacted by the increased costs and complexity of bidding at a greater number of GXPs.
- 5.56. The Authority considers its amendments will continue to provide benefits in the longer term by enabling greater participation by smaller aggregators. This is because, due to the lower operational risk it would present, we consider the system operator would likely continue to allow aggregation across GXPs for smaller aggregators, even following tool upgrades for their preferred solution.

Out of scope for this project

What submitters said

- 5.57. Some submitters raised points that the Authority considers are out of scope for this project.
- 5.58. ENA, Northpower, and Vector stressed the importance of visibility of price responsive resource to distributors. Currently retailers are required to have agreements with distributors, but load aggregators are not. In the view of these stakeholders, load aggregators should also be required to enter agreements with distributors. This would ensure distributors could maintain a secure network.
- 5.59. Northpower and Vector considered that having an agreement in place with the relevant distributors should be a prerequisite to participating in the spot market as a dispatch notification purchaser.
- 5.60. Enel X and Octopus Energy considered there is a need for greater incentives for flexibility providers to participate in the spot market. Octopus Energy suggested that dispatch notification purchasers should be paid constrained on and off payments or have a price cap.

Authority's response

- 5.61. The Authority anticipates that the above points are likely to be considered as part of its wider work programme.
- 5.62. We intend to look at issues of visibility of price responsive resources and the need for agreements between load aggregators and distributors as part of our Delivering key distribution sector reform programme of work.⁴
- 5.63. We are investigating whether additional incentives are required for flexibility providers as part of our consultation paper – Potential solutions for peak electricity capacity issues – which was published earlier in January 2024. Over the next year, we intend to look into requirements for demand response participation in the current ancillary services markets.

6. The Authority has decided to clarify the Code (items 2 and 3)

- 6.1. Following consideration of submissions, the Authority has decided to implement our proposed clarifying amendments (items 2 and 3).
- 6.2. We consider these amendments will help deliver the intended benefits of dispatch notification by reducing barriers to participation for providers of small-scale resources. This will promote competition in the wholesale market for the long-term benefit of consumers. It will also support innovation and the electrification of the economy by facilitating earlier access of distributed energy resources and demand flexibility to the wholesale market.

What we consulted on

Item 2: Clarifying obligations on dispatch notification purchasers only impact Part 13 - Trading Arrangements

- 6.3. The Authority proposed to amend the Code to clarify that dispatch notification purchasers are only dispatchable load purchasers for the purposes of Parts 1 and 13 of the Code.
- 6.4. Accordingly, dispatch notification purchasers would not be subject to the same reconciliation requirements that apply to dispatchable load purchasers (for example under clauses 15.5A and 15.5B) or any other requirements that apply to dispatchable load purchasers outside Parts 1 and 13 of the Code.

Item 3: Requiring information be provided for monitoring compliance

- 6.5. The Authority proposed to amend the Code to ensure that dispatch notification generators and dispatch notification purchasers provide information for the purpose of monitoring compliance with Part 13 of the Code (new clause 13.82B).

⁴ For more information see: Electricity Authority. *Delivering key distribution sector reform. Work programme.* October 16. Available at: https://www.ea.govt.nz/documents/3929/Work_programme_Oct_231406907.13.pdf

Specifically, they would be required to provide information about the usage or provision of electricity and any other information the Authority may reasonably require. The Authority also proposed amendments to make approval of dispatch notification purchasers and dispatch notification generators conditional on the Authority confirming to the system operator that the applicant will be able to comply with these requirements (new clauses 13.3E(2A) and 13.3F(3A)).

Submitters' views and our assessment

- 6.6. All stakeholders who provided feedback on our clarifications were in support.
- 6.7. The system operator noted that new clause 13.3E(2A) does not account for situations where the Authority does not provide confirmation within the system operator's timeframe for deciding an application, prescribed in clause 8 of Schedule 13.8.
- 6.8. The Authority does not consider any amendment to its proposal is necessary to address this point. The operation of clause 13.3E(2A) in the situation where the Authority does not provide confirmation within the system operator's timeframe is clear. That is, the system operator would be required to decline the application because the Authority's confirmation has not been given, or more likely it would look to agree an extended timeframe with the applicant.
- 6.9. In any event, the Authority considers it is unlikely that such a situation would arise, given the system operator is already obligated to send any applications to the Authority, and given the system operator's timeframe for making a decision is 20 working days.

Out of scope for this project

- 6.10. The system operator noted two matters relating to timeframes for approving dispatch-capable load stations and dispatch notification generators.
- 6.11. First, the timeframe for making a decision under clause 8 of Schedule 13.8 does not account for situations where Authority input (which the system operator must consider under clause 3(2) of Schedule 13.8) is not provided within the necessary timeframe.
- 6.12. Second, clause 13.3F does not specify a timeframe within which the system operator must decide applications for approving dispatch notification generators.
- 6.13. The Authority considers there may be merit in addressing these matters. As they raise separate issues and will benefit from industry input, the Authority intends to consider these issues separately as part of its regular Code review programme.

Next steps

- 6.14. The Authority will publish the Code amendments on Thursday 1 February 2024.
- 6.15. The Authority will monitor the demand response market as it develops and ensure the Code evolves alongside it. This will include working with the system operator to assess if, and when, further solutions might be required.

Attachments

6.16. The following appendices are attached to this paper:

Appendix A Submissions

Appendix A Submissions

Submissions and the system operator's additional feedback are available on the Authority's website.⁵

Stakeholder	Kind	Submission	Cross-submission
Electricity Networks Aotearoa (ENA)	Association	✓	
Enel X	Load aggregators	✓	
Major Energy Users Group (MEUG)	Association		✓
Northpower	Distributor	✓	
Octopus Energy	Load aggregator	✓	
Simply Energy	Load aggregator		✓
SolarZero	Load aggregator	✓	
Transpower	System operator	✓	
Vector	Distributor		✓

⁵ Electricity Authority. *Dispatch notification enhancements*. Available at: <https://www.ea.govt.nz/projects/all/rtp/consultation/dispatch-notification-enhancements/>