

great value  
made easy

**nova**  
energy

2 February 2024

Submissions  
Electricity Authority  
PO Box 10041  
Wellington 6143

Nova Energy Limited  
PO Box 3141, Wellington 6140

By email: [policyconsult@ea.govt.nz](mailto:policyconsult@ea.govt.nz)

**Re: Consultation paper: Code amendment omnibus two: December 2023**

Nova Energy (Nova) supports clarifying use and availability of discretionary demand control.

Nova agrees that the total available demand response that can be accessed via load control mechanisms, such as frequency controlled water heating, should be available to the market in emergency situations.

Nova does not agree that there needs to be two bid tranches, or that one tranche should be priced at 0.1c/MWh.

Nova's specific responses to the Authority's questions are appended to this letter.

Yours sincerely



Paul Baker

Commercial & Regulatory Manager

P +64 4 901 7338 E [pbaker@novaenergy.co.nz](mailto:pbaker@novaenergy.co.nz)

## Nova submission: Clarify use and availability of discretionary demand control

Q No.	Question	Response
2.1	Do you support the Authority's proposal to permanently implement the intent of the urgent Code amendment, Electricity Industry Participation Code Amendment (Discretionary Demand Control) 2023? Please explain your answer.	<p>Yes</p> <p>It is important that the total available demand response that can be accessed via load control mechanisms, such as frequency controlled water heating, is utilised before any consumers have their power supply disconnected.</p>
2.2	Do you support adopting the term controllable load? Please explain your answer.	<p>Yes</p> <p>It is not clear why the <b>available controllable load</b> should exclude '<i>resources a connected asset owner intends to use for its own network demand management purposes</i>' as surely if there is a risk of power outages the connected asset owner would include turning that load off with the rest of its controllable load?</p>
2.3	Do you support the use of the term 'resources' over 'quantity of demand'? Please explain your answer.	<p>No particular view on this.</p>
2.4	Do you support the proposal to introduce two price-bands? Please explain your answer	<p>No</p> <p>Nova's primary concern is the complexity being created to cover infrequent events.</p> <p>It is a significant ask to require EDB's to construct bids as prescribed when they will only be required to do so occasionally and under specific circumstances. It seems more practical to simply EDBs to prepare a single tranche of bids at a specified price that best reflects the EDB's best estimate of the residual controllable load available to it after other commitments such as instantaneous reserves.</p> <p>Given the definition of controllable load is the residual of the controllable volumes the EDB's have assigned to other purposes, such as instantaneous reserves, then the amount of residual controllable load available is always going to be difficult to quantify.</p>

Q No.	Question	Response
2.5	Do you support pricing requested controllable load at \$0.01/MWh? Please explain your answer	<p>No</p> <p>If EDB's which to bid in controllable load at a price then they should be free to do so, but this should be subject to requirements around being able to deliver on the quantities offered.</p> <p>If the System Operator issues an WRN then the EDBs should simply be required to ensure that the estimated residual available controllable load is offered into the market at a set price below the scarcity price.</p>
2.6	Do you agree the proposed amendment is preferable to the other options? If you disagree, please explain your preferred option in terms consistent with the Authority's statutory objective in section 15 of the Electricity Industry Act 2010	<p>No</p> <p>Nova believes a single bid tranche for estimated residual available controllable load at a set price below the scarcity price should suffice.</p> <p>Also, rather than setting the price in the Code, the bid price should be defined as a fixed percentage below the scarcity price, say 10%. If the PRS reaches that price it will be apparent to the System Operator and market participants that there is a likelihood that all controllable load will be called upon in subsequent Trading Periods. In this way, if the scarcity price changes in the Code, then this value does not need to also change.</p>
2.7	Do you agree with the analysis presented in this Regulatory Statement? If not, why not?	<p>Nova agrees with the intent of the Code change and that it is consistent with the Authority's objectives.</p>
2.8	Do you have any comments on the drafting of the proposed amendment?	<p>It should be redrafted in line with the above comments.</p>