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Code Amendments Omnibus Two

Thank you for the opportunity to respond to the Electricity Authority's consultation on code amendments omnibus two.

The Authority has proposed three code amendments. We support the proposed changes and explain our reasons in this submission letter.

Amending Part 6A to include all generation technology

We support the amendment to incorporate all generation technology in part 6A of the Code. The amendments are suited to the ever-changing technology used in the generation space such as inverter-based technologies (e.g. solar and batteries). We agree that replacing an assessment which uses rigid technology definitions will reduce confusion and supports the original intent of the Code.

However, the use of 'reserves' in sub-clauses (a) and (b) of the proposed definition of **connected generation** is redundant. 'Reserves' is not a defined term, however, what is intended to be captured by using 'reserves' would be an **ancillary service** which is included in sub-clause (c). The sub-clauses of the proposed definition of **connected generation** are linked by 'or', therefore each component needs to only be covered once. Consequently, we propose the word 'reserves' is removed from the definition of **connected generation**.

Permanent code amendment to clarify use and availability of controllable load

We support the change to clarify the use and availability of controllable load. The amendment will help the system operator when a potential low residual situation is identified. Particularly, if the event escalates to a Grid Emergency and it is necessary to instruct the use of controllable load.

The two price-bands also provide better visibility of the split between controllable load which can respond when requested and controllable load which connected asset owners expect to have available to respond when instructed.

Format of code amendments omnibus consultation

We support the current format of the consultation. However, the transparency of the process could be improved for stakeholders. For example, updating the publicly available list of all Code amendment proposals received by the Authority.

We answer the Authority's questions in the Appendix below.

Yours faithfully,

Joel Cook

Head of Regulation

Appendix – response to questions

Include all generation technology in Part 6

Question	Transpower response
<p>Q1.1. Do you support the Authority's proposal to include all generation technology under Part 6A? Please explain your answer</p>	<p>Yes, noting our submission point above.</p>
<p>Q1.2. Do you support the Authority's proposal to create a new definition for "connected generator" Please explain your answer</p>	<p>Yes, we support the amendment to incorporate all generation technology in part 6A of the Code. The amendments are suited to the ever-changing technology used in the generation space such as inverter-based technologies (e.g. solar and batteries). We agree that replacing an assessment which uses rigid technology definitions will reduce confusion and supports the original intent of the Code.</p> <p>However, the use of 'reserves' in sub-clauses (a) and (b) of the proposed definition of connected generation is redundant. 'Reserves' is not a defined term, however, what is intended to be captured by using 'reserves' would be an ancillary service which is included in sub-clause (c). The sub-clauses of the proposed definition of connected generation are linked by 'or', therefore each component needs to only be covered once. Consequently, we propose the word 'reserves' is removed from the definition of connected generation.</p> <p>Additionally, the inclusion of 'reserves' in sub-clause (b) may cause confusion. The provisions in clause 15.13 relate to the gifting of electricity. It is not possible to gift 'reserves'. 'Reserves' are settled by an availability payment, not delivery of electricity. When 'reserves' are provided in response to an under-frequency event by providers who inject more electricity into the grid, those increased volumes are settled as electricity under the normal settlement process. Therefore, they would be covered by the proposed sub-clause (b) drafting as energy.</p> <p>If the Authority felt it beneficial, including alternative ancillary service arrangement in sub-clause (c) would include out-of-market arrangements (should any ever exist) which aren't captured by the proposed use of ancillary service arrangement.</p>

Question	Transpower response
Q1.3. 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	Yes.
Q1.4. Do you agree with the analysis presented in this Regulatory Statement? If not, why not?	Yes.
Q1.5. Do you have any comments on the drafting of the proposed amendment?	Yes, see Q1.1.

Clarify use and availability of discretionary demand control

Question	Transpower response
Q2.1. 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.	Yes. Our collaboration with the Authority and industry participants to implement Option E prior to winter 2023 was a significant contributing factor to ensuring the winter peak capacity challenge was successfully managed in 2023. However, new generation and demand-side resources, as well as fit-for-purpose market settings, will be needed to meet the winter peak capacity challenge in the longer term.
Q2.2. Do you support adopting the term controllable load? Please explain your answer.	Yes. During the industry exercise that we hosted in May 2023 it became evident that there was a disparity among the electricity distribution companies around terminology (primarily between the terms 'discretionary demand' and 'controllable load'). The majority of participants favoured the term 'controllable load' and we support this term as the most widely used among the industry.
Q2.3. Do you support the use of the term 'resources' over 'quantity of demand'? Please explain your answer.	Yes. We previously provided feedback to the Authority on its proposed Code change which, in its original format, referred to 'quantity of resources' without reference to a MW quantity. We noted this could be confused as the number of devices to be controlled. Now that the term is linked to a MW quantity we support the change, which is technology agnostic.
Q2.4. Do you support the proposal to introduce two pricebands? Please explain your answer	Yes. The inclusion of two pricebands gives visibility of the split between controllable load which can respond when requested and controllable load which connected asset owners expect to have available to respond when instructed.

Question	Transpower response
	<p>In terms of the drafting of clause 5A(4)(a) as it pertains to 'requested controllable load', the clause refers to the trading period notified by the system operator and requires a difference bid for the available requested controllable load (iii) for the trading period. In practice, we will likely issue a CAN requesting the submission of difference bids for the two tranches of available controllable load. Although the CAN will specify the trading period(s) that the request relates to, it is worth noting that we may request the reduction of the available requested controllable load before the trading periods specified in the CAN (i.e. at the WRN stage to try to avoid the relevant trading periods escalating into a GEN).</p>
<p>Q2.5. Do you support pricing requested controllable load at \$0.01/MWh? Please explain your answer</p>	<p>Yes. However, we would have preferred to convey the notion that the \$0.01 quantity must come off at the time specified in the low-residual CAN to avoid a mismatch in the schedules (whether we request the load or not). The mismatch we refer to is that any difference bids of X MW at \$0.01 will be picked up by the forward schedules as MW of load reduction at the time specified in the low-residual CAN, which means the difference bid clearing is not contingent on any other factor, such as us requesting the load off. The \$0.01 load would need to come off to ensure alignment with the schedules.</p>
<p>Q2.6. 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>	<p>Yes.</p>
<p>Q2.7. Do you agree with the analysis presented in this Regulatory Statement? If not, why not?</p>	<p>Yes. Our operational tools are not equipped to manage difference bids in the manner proposed (separate tranches), which is different to the original design intent of our difference bids display in the Market System. The current display will only sum and display the total quantity of bids on an island or national basis. Operationally the bids priced in both the \$0.01 and \$9000 tranches will become important as they have different triggers and consequences. To manage this, we would require an enhancement to our difference bids display to be able to adequately display/sum the bids in each tranche. Note, this issue is limited to the displays of aggregate</p>

Question	Transpower response
	<p>difference bids. The processing and scheduling of difference bids is not impacted by submission of multiple price tranches.</p> <p>We also consider that some enhancements are required to the Real Time Load Shed tooling in the Market System to efficiently handle instructions to shed controllable load, in a way that is consistent with the intent of the RTP market design. First, we would like to modify the logic for controllable load to only add back the difference bid instructed off, and not the predicted load based on the short-term load forecast. This will make it more intuitive for our coordinators (e.g. if we shed 100MW of controllable load at time X then we should only add in 100MW at time Y and not 100MW + STLF adjustment). Secondly, we would like to consider improving our workflow, so the difference bids are displayed on the Real Time Load Shed display and selected rather than having to type values into the display. This will reduce the chances of manual input errors occurring.</p>
Q2.8. Do you have any comments on the drafting of the proposed amendment?	See above in respect of questions 2.4 and 2.5.

Updating and clarifying the scope and effect of Part 6A obligations

Question	Transpower response
Q3.1. Do you agree the problems identified need addressing? Please explain your answer	No comment.
Q3.2 Do you agree with the proposals? Please explain your answer	No comment.
Q3.3. Do you agree with the analysis presented in this Regulatory Statement? If not, why not?	No comment.
Q3.4. Do you have any comments on the drafting of the proposed amendment?	No comment.

Feedback on the omnibus format

Question	Transpower response
Q4.1 Do you consider the omnibus format should be continued as a way of consulting on several small but	Yes, but we consider that the Authority could make further improvements.

Question	Transpower response
independent separate Code amendments?	
Q4.2. Do you have any comments on the omnibus format or suggestions to improve the omnibus format?	<p>We consider a process that is regular and transparent to be critical in ensuring the Code is suitable and proper to use, particularly in the current industry settings.</p> <p>The Authority could improve the process by:</p> <ol style="list-style-type: none"> 1. ensuring the list of code change proposals from participants is current and complete; the current Code change list was last updated in 2019 2. providing updates on the status of a participant's Code change proposal 3. inviting submissions at the problem definition stage of other participants' Code change proposals, to understand the level of support or otherwise, for the problem – this could also be done via the use of an industry forum to support the Authority in more rapidly progressing Code amendment proposals.