



11 July 2017

Electricity Authority
Email: info@ea.govt.nz

Dear Sir/Madam,

Enabling Mass Participation in the Electricity Market – Submission from Westpower Ltd

Thank you for inviting comments to the discussion regarding mass participation within the electricity market.

Westpower fully supports the submission by PWC on behalf of a group of network companies, but would like to add one additional point to stress the importance of involvement of network operators over and above the PWC submission.

As this is a consultation examining rules and processes, which have been in existence for several decades within a fast-changing environment, it is helpful to go back to first principles.

Two of the strategic goals for the NZ electricity market are reliability and fairness. Rather than trying to prescribe in detail how any new product will be introduced, guidelines incorporating these fundamentals should be widely published and then adherence to principles audited.

Some base parameters regarding reliability need to be protected. Aspects regarding network security and performance need to be coordinated by a technical entity which has all of the relevant technical information available about the networks. The current Distribution Network Operator (DNO) is the natural candidate for that function, just as Transpower is coordinating the dispatch of generation while monitoring load at a transmission grid level. Without such a controlling entity, proper coordination will be lacking and reliability will be put at risk.

First, a definition of open access within the New Zealand context is needed, before an in-depth discussion can take place about whether we need it or not. Rather than trying to minimise the involvement of DNOs, ways should be identified to engage more closely with them.

Effective regulatory rules are already in place around dealing with commercial revenues resulting from the investment of regulated revenues. Therefore, other entities have no substantive reason to be concerned about monopoly providers encroaching onto “their” territory, but should rather welcome the involvement of DNOs as providers of a support framework necessary for a truly competitive market.

West Coast's Locally Owned Electricity Distributor

Westpower Limited
146 Tainui Street
PO Box 375, Greymouth
Telephone 03 768 9300
Facsimile 03 768 2766

There will be many upcoming technologies and interactions, for example :-

- P2P trading
- microgrids included within current networks
- trading models that are a mixture of physical and virtual energy transfer

Examples have already been trialled overseas, like “energy banking” for consumers to draw down energy they have “banked” any time they like, bitcoin and blockchain trading is happening and new entities are springing up everywhere. A way to introduce these new participants at a low compliance cost but with proper auditing according to high level principles as mentioned above will need to be found.

Looking ahead, technology will undoubtedly become available for a fully dynamic network with automated rules rather than the current linear flow of energy from generation to ICP. But, until it is cost effective to implement such automated technology, more manual controls need to be implemented and managed to protect the reliability and performance of the network and very detailed knowledge of the existing network architecture and real-time status will be needed to provide this.

A network acting as a DNO is the natural choice for providing this service and Westpower would welcome the opportunity to engage further with the authority to discuss specific ways in which we see this applying.

Yours faithfully,



Rodger Griffiths
General Manager Assets and Engineering Services