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## **Review of forecasting provisions for intermittent generators – proposed Code amendments**

Mercury welcomes the opportunity to provide feedback to the Electricity Authority (the Authority) on its proposed changes to the Electricity Industry Participation Code 2010 (the Code) to implement the decisions<sup>1</sup> to enable a hybrid forecasting arrangement for intermittent generators as outlined in the *Review of forecasting provisions for intermittent generators – proposed Code amendments* consultation paper (the paper).

We have been supportive of a hybrid method as we believe it would allow market participants and the system operator to develop forecasting models based on their individual requirements, and draw on different information sources available to them. However, we are concerned that the proposed Code changes may be overly complex, potentially creating barriers to entry and increasing operational costs – particularly in the compliance space for many of the smaller operators. With a centralised forecaster there is an opportunity to simplify the whole offer process which may particularly benefit new entrants.

In Mercury's view, the end-future state should be one that reduces the operational burden on generators to frequently revise energy offers based on fluctuating forecasts. In this regard, we are strongly supportive of the Authority's proposals in paragraphs 4.3 and 9.7 for the centralised forecaster to be able to submit offers on generators' behalf.

It is ultimately up to the centralised forecaster to determine what inputs intermittent generators would need to provide to enable accurate generation forecasts. For the initial setup, the forecaster is likely to require machine locations, power curves and a period of historic data for model training purposes and on-going as a minimum we would expect power output, wind speed or irradiance, number of machines available and whether the intermittent generation constraint flag is active to be provided. This is largely the information shown in Figure 1 of the paper.

However, some of the information in Figure 1 (for example, the number of turbines in high wind cut out) may not be available for some wind farms. We also note that this information differs from the SCADA indications required from intermittent generations under the Code, and thus we assume that the information would need to be provided via separate data communications with the centralised forecaster. There will be some time and cost associated with establishing these, depending on the format, protocols and communication method required for the data exchange with the centralised forecaster.

Despite some apparent reporting relief, we note that intermittent generators who want to base their FOGPs on their own forecast will be expected to submit mock FOGPs 12 hours ahead, 6 hours ahead and 2 hours ahead of the relevant trading period alongside a list of their real FOGPs to the Authority at the end of each day (48 trading period window) even though:

- a) these intermittent generators could be using the same company that is developing the forecast for the centralised forecaster and;
- b) they are already submitting their offers six days before the beginning of the trading period to which the offer relates to;

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<sup>1</sup>[https://www.ea.govt.nz/documents/5244/Review\\_of\\_forecasting\\_provisions\\_for\\_intermittent\\_generators\\_in\\_the\\_spot\\_market\\_se5mcdm.pdf](https://www.ea.govt.nz/documents/5244/Review_of_forecasting_provisions_for_intermittent_generators_in_the_spot_market_se5mcdm.pdf)



c) the offers are likely to change depending on the forecast.

The administration burden for intermittent generators is high, particularly for those who want to do their own forecasting, for potentially only incremental benefits. We question whether this data needs to be submitted daily or whether it would be more appropriate to provide the data on request (for example when forecast accuracy is being reviewed).

Relatedly, it remains unclear how outages are to be considered within the proposed Code changes. In any case, for transparency, Mercury will be able to comply with the requirements as outlined including the decision to require intermittent generators to submit their offers six days before the beginning of the trading period to which the offer relates to.

If you have any questions about this submission, please do not hesitate to contact me or Andrew Anderson.

Yours sincerely,

Claudia Vianello



**Regulatory Strategist**

