Sustainable Energy
Association New Zealand

Feedback on EA Regulatory Roadmap for Battery Energy Storage Systems

General:

SEANZ shares the same vision that distributed battery energy storage including household, commercial, utility scale and EV storage provides a mechanism to support electrification of the economy in a more cost-effective way than only addressing this through traditional infrastructure investment.

To fully realise the potential value it is important that the regulatory environment gets ahead of the technology development and roll-out. The roadmap is a useful document to communicate the areas that the EA are focussing on and the reasons for these. SEANZ believes however that there is further work which would be useful.

Suggested Additional Areas of Focus

1. Flexibility First Mandate

The potential of battery energy storage, or other demand reduction solutions will only avoid costly infrastructure upgrades if network companies actively seek alternatives and / or adequately reward customers for use of their resources.
A general trend by network companies to move toward daily fixed charges moves against providing such incentives. While the peak export payment is a useful mechanism, it is only relevant if it is of sufficient magnitude to encourage customer behaviour change. (e.g. Orion introduced a peak export tariff in 2025, but is part of a special tariff which had a higher peak import rate than the "ordinary" tariff – resulting in higher costs for customers choosing this option)

It is suggested that an area of focus is to ensure that EDB's / Transpower take a "flexibility first" approach to demand growth related investments. This would include considering, timing to ensure there is sufficient opportunity for flexibility providers to grow capability to avoid traditional investment, and that "fair value" is provided for flexibility providers (which could include a standardised methodology set this).

2. National Flexibility Market / Platform

Flexible resources such as battery storage can deliver value to multiple parties at different times. Historically use of such resources has been "owned" by a single party (e.g. EDB's

owning hot water control). This restricts its value since it is only used by that party when they need it, and not available to other parties when they could use it.
A national flexibility market to allow owners of flexibility resources and purchasers of flexibility services to trade would be a mechanism to ensure that optimal use of distributed battery energy storage systems is achieved.
Standardised contracts, standardised dispatch protocols, standardised response measurements etc. would remove a lot of the complexity and cost which will result if EDB's / Transpower are left to procure flexibility services and establish their own supporting tech solutions individually.

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