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Gary White
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By email: Distribution.Feedback@ea.govt.nz

Dear Gary

Post-workshop feedback on the development of guidance on distributor involvement in the flexibility services market

Bluecurrent (formerly Vector Metering) welcomes the opportunity to provide written feedback on the Electricity Authority's (the Authority) development of guidance on distributor involvement in the flexibility services market. We appreciate the Authority's engagement with stakeholders on this workstream via an online workshop on 25 June 2024.

The development of flexibility services is a key aspect in the transition to a highly electrified economy and renewable electricity system. Consumers seek the power they need – when they need it and at prices that are appropriate. Flexibility services help industry participants and consumers unlock and optimise the value of customer energy resources (CER) through the management of the delivered cost of energy. The benefits of using this flexibility can accrue across different components of the delivered energy value chain. These include avoiding the operation of fast start/fast response generation, deferring or avoiding grid and electricity distribution network investment/expansion, improved network utilisation, and providing additional value streams for CER assets such as batteries. This benefits all network users and end consumers, including those who do not own CER.

Consumers benefit most from the value of flexibility services where those services are provided by parties that can best deliver them. This can be facilitated by governance arrangements that enable competition and innovation to emerge in the flexibility services market in a timely manner. A mature flexibility services market helps ensure energy affordability and an orderly energy transition.

We consider a principles-based approach (i.e. guidance rather than prescriptive arrangements) for the development of governance arrangements for the flexibility services market to be appropriate, given the fledgling nature of this market. This approach provides more options for all market participants and helps remove barriers for parties that can offer better solutions, i.e. service providers and technology solutions are not 'locked in' or 'locked out' of this market.

Bluecurrent encourages the Authority to consider the significant issues raised at the workshop so that shared expectations, anchored on good public policy and principles, can be established. For example, the implications of the proposed guidance on hot water load control need to be better understood and clarified to ensure that unintended consequences are avoided. The application of the arm's length rules to non-network solutions does not preclude networks from contracting load control. Equally, networks could require access for network security or emergency purposes under clearly defined conditions; it does not mean they need total access.

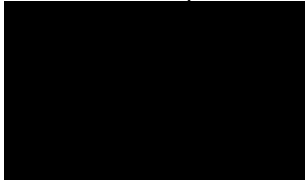
We support the Authority undertaking further stakeholder consultation(s) on the above issues. This would assist in the development of a more coordinated approach for flexibility services without unnecessarily increasing the regulatory burden. Shared expectations and clearer policy direction would help market participants make more informed investment and operational decisions regarding flexibility services.

We further encourage the Authority to coordinate closely with FlexForum (<https://flexforum.nz/>), which is making significant progress in identifying and understanding what is required to realise and maximise the value of flexibility. This also involves identifying existing gaps in the flexibility value stack so interested parties that can capably close those gaps can realise value for customers and themselves.

As a data services provider, Bluecurrent is happy to explore and develop solutions for, work with, or support any interested parties in developing flexibility services that can be delivered innovatively and cost effectively. We currently participate in multi-party trials and programmes that aim to unlock the value of flexibility for energy system users and end consumers.

We look forward to the Authority's announcement later this year regarding the next steps for this workstream. We are happy to discuss with the Authority, and further provide feedback in future consultations on, the issues facing stakeholders in the journey towards a mature flexibility services market. Please contact Luz Rose (Senior Regulatory and Policy Partner) in the first instance at [REDACTED]

Yours sincerely



Neil Williams
Chief Executive