



Electricity Authority
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Guidance on distributor involvement in the flexibility services market

Transpower appreciates the opportunity to provide feedback on the Authority's draft guidance on distributor involvement in the flexibility services market, published 24 May 2024.¹

We support the Authority's intent to provide guidance to the distribution sector of the Authority's expectations of them as they operate in the "flexibility services market."

Transpower believes flexibility services will play an important role in Aotearoa New Zealand's electricity markets and the operation of the power system. Efforts to support and grow flexibility services are needed.

We note the feedback during the online workshop included "*The absence of guidance on legacy flexibility (ie. ripple control) was a particular area of concern.*"² We consider there is a key interplay between the guidance and the Authority's permanent Code change "controllable load 2024", which was enacted on 1 May 2024.³ Ripple control is the primary component of controllable load.

The Code change places obligations on distributors to signal their controllable load – the quantity of resources (in MW) that a connected asset owner estimates will be available for use by the system operator under a grid emergency – to the system operator when requested to do so. In its decision paper the Authority stated:⁴

"Both the Authority and system operator expect challenges around peak demand and capacity to continue for 2024 and 2025." (para. 6.16)

"We are comfortable that the Code amendment is a pragmatic, near-term, mechanism to support the electricity market to manage peak capacity issues." (para. 6.17)

"Over the medium term (2 to 4 years), we expect to see much greater engagement between distributors and spot-exposed electricity purchasers (namely retailers) to make

¹ [Guidance on distributor involvement in the flexibility services market \(ea.govt.nz\)](#)

² [Online workshop - summary of feedback](#)

³ [Controllable load 2024 - Gazette notice.pdf \(ea.govt.nz\)](#)

⁴ [Code amendment omnibus two](#)

controllable load more widely available to the wholesale electricity market – with relevant owners of the controllable load assets compensated for its use." (para. 6.20)

Transpower recommends the Authority considers the interaction between the guidance on distributor involvement in the flexibility services market and the controllable load 2024 Code change. In particular, as system operator we recommend the Authority carefully consider potential implications for near-term security of supply such as the extent to which controllable load availability to respond to tight market conditions may be affected. Additional clarification or transitional arrangements may be appropriate.

Best regards,

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