Submission

Wholesale market arrangements for battery energy storage systems

23 December 2025

Fonterra welcomes the opportunity to provide input to the Electricity Authority's consultation for wholesale market arrangements for battery energy storage systems (BESS).

Fonterra is a dairy co-operative owned by over 8,000 New Zealand farming families with 28 manufacturing sites across the country, making us the country's largest exporter and a major supplier of dairy products to the domestic market.

With manufacturing operations spread throughout New Zealand, Fonterra is a major electricity user. We rely on stable and affordable access to electricity to support our operations. This reliable access underpins New Zealand's export competitiveness.

Fonterra believes the electricity market needs BESS to provide system security, resilience, and firming of variable renewable generation. We therefore support the recommendations in this consultation that will remove hurdles for BESS deployment and fairly compensate BESS owners for their contribution to market functionality.

Electricity markets in other countries, such as Australia and the United Kingdom, have demonstrated that BESS can provide electricity system security support of synthetic inertia within 0.1s at a level that exceeds traditional spinning reserves. This provides advantages and therefore consideration should be given to developing a Very Fast Frequency Reserves market within New Zealand.

Fonterra also supports the expansion of the multiple frequency keeping arrangements to provide greater system strength as thermal generation, which has traditionally provided system inertia, exits the market.

The decision to treat BESS charging as a dispatchable bid is sensible and such bids should be compensated for along with bidirectional offers and single reserve designation.

Fonterra also supports the provision of state of charge information to the System Operator, to avoid conservative bidding by battery operators. This will allow the System Operator to identify the maximum capacity for any single bidding period and potential associated constraints for subsequent bidding periods.

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