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INDEPENDENT ELECTRICITY GENERATORS ASSOCIATION

23 December 2025

Submissions
c/- Electricity Authority
By email: operationsconsult@ea.govt.nz

Dear team,

Re: BESS consultation

The Independent Electricity Generators Association Inc. (IEGA) appreciates the opportunity to make this submission on the Electricity Authority's (Authority) consideration of issues and options for wholesale market arrangements relating to stand-alone BESS.[1] Nothing in this submission is confidential.

This submission focuses on policy related topics. IEGA members have the practical experience of operating BESS in NZ's wholesale market and can comment on the detailed issues and options.

Focus is on standalone BESS and ignoring issues and options relating to hybrid arrangements

The Authority is clear that the current focus is on resolving issues relating to operation of standalone BESS in the wholesale market. Any changes to market systems arising from this consultation are expected to be in place by the end of 2027.[2]

The Authority intends to investigate issues and options relating to hybrid arrangements in 2026.[3] There is no indication when any changes for hybrid BESS+generation sites will be implemented.

Firstly, this appears to be a very long lead time to prepare the system to accommodate standalone BESS in market trading arrangements particularly given the consultation paper highlights that 435 MW of utility scale BESS could be connected by the end of 2026.[4] Further, public statements indicate these will be a mix of standalone and co-located (e.g hybrid+generation) BESS.

Secondly, it's unclear why there is more urgency to address wholesale market arrangements for standalone BESS ahead of hybrid BESS+generation sites. The IEGA is concerned that the Authority's two-stage process has the potential to create anomalies, rework or incentivise investment in hybrid systems ahead of standalone BESS. Also, the delay in identifying and addressing issues for hybrid BESS+generation sites may result in less efficient operation of these assets, impacting the long-term benefit for consumers.

[1] The Committee who represents the IEGA has signed off this submission on behalf of members.
[2] Page 3 of the issues and options paper
[3] Paragraph 2.15 of the issues and options paper
[4] Paragraph 2.4 of the issues and options paper

We suggest the Authority should be considering, for each of the issues and options identified for standalone BESS, whether the options / preferred approach would also be the preferred approach for a hybrid arrangement – and if not, why not.

Gate closure

The Authority considers embedded BESSs should have the same gate closure as grid connected BESSs. The Authority explains its rationale as "In our view, this would reduce incentives to connect to a distribution network when it is inefficient to do so".[5] [6]

This contradicts the Authority's established policy decision for the gate closure period that applies to any other embedded generation or load participant. For the same reasons as embedded generation and load have a 30-minute gate closure period, the IEGA strongly submits that embedded BESS should be treated the same and have a 30-minute gate closure period.[7]

This is also an example of the potential for problems created by not considering standalone BESS and hybrid BESS+generation at the same time. Will an embedded generator that happens to have a co-located BESS continue to have a 30-minute gate closure period?

Definition of BESS

The Authority notes there is already a definition of 'energy storage system'[8] in the Code but BESS may have unique characteristics that warrant a specific definition.[9]

The issues and options paper also lists where BESS have already been defined as either load or generation in the Code.[10] This is a useful summary which we suggest should be kept up to date[11] and be published as an Industry Guideline on the Authority's website.

The approach to BESS in any changes to wholesale market arrangements, and any specific definition, should be consistent with the approaches already established by reasonably recent Code changes. Any definition should allow BESS to be fully utilised to provide the full range of benefits to the market.

Yours sincerely

Ben Gibson
Chair

[5] Paragraph 2.4 of the issues and options paper
[6] We assume BESS will also be subject to the trading conduct rules (c13.5A) so that, as a generator, the submitted or revised "offers must be consistent with the offer that the generator, acting rationally, would have made if no generator could exercise significant market power at the point of connection to the grid and in the trading period to which the offer relates"
[7] Rationale is likely to reflect embedded generation and load is smaller in size, has less impact on the market; may not even be visible to SO etc. There are also going to be a range of reasons why a BESS is embedded and not grid connected (eg cost, network support) and the length of gate closure is unlikely to be the principal reason. That is, we disagree that a shorter gate closure period is going to incentivise inefficient investment in embedded BESS.
[8] Code definition: **energy storage system** means all equipment functioning together as a single entity that is able to take **electricity** from a **network**, store the energy in another form, and provide **injection**
[9] Paragraph 3.20 of the issues and options paper
[10] Paragraph 2.17 of the issues and options paper
[11] For example, revisions to Part 6 of the Code include how to treat connection of embedded BESS

Code definition of gate closure period:

gate closure period, in relation to a **trading period** for which a **generator** or **ancillary service agent** has submitted an **offer** or **reserve offer**, or for which a **dispatchable load purchaser** has submitted a **nominated dispatch bid**, means—

(a) the **trading period** to which the **offer** or **reserve offer** relates, and the **trading period** immediately preceding that **trading period** for—

  (i) an **embedded generator**:

  (ii) an **ancillary service agent** that is also an **embedded generator**:

  (iii) a **dispatch notification purchaser**:

  (iv) a **dispatch notification generator**; and

(b) the **trading period** to which the **offer**, **reserve offer**, or **nominated dispatch bid** relates, and the 2 **trading periods** immediately preceding that **trading period**, for—

  (i) any other **generator**:

  (ii) any other **ancillary service agent**:

  (iii) a **dispatchable load purchaser** (other than a **dispatch notification purchaser**)