Via email: OperationsConsult@ea.govt.nz

18 December 2025

Wholesale market arrangements for battery energy storage systems – Issues and Options

Mercury welcomes the opportunity to provide feedback on the "Wholesale market arrangements for battery energy storage systems – Issues and Options paper", no part of our submission is confidential. We agree that it is important to ensure that we have fit for purpose market arrangements to better support an efficient market, a stable and resilient power system and promote more secure and affordable electricity supply for consumers.

Battery storage systems (BESSs) will play an increasingly important role in our power system, providing system services and balancing the increase of intermittent renewable generation. To maximise the benefits that BESSs provide we consider that the services provided by BESSs should not be unnecessarily constrained by market arrangements. We are thus supportive of changes proposed to allow functions such as BESS providing frequency keeping while charging as well as discharging.

One concern that we do have is the proposed reliance on the accuracy of State of Charge (SoC) and the requirement to be dispatched for both charging and discharging. Certain types of BESS may require to be periodically fully charged or fully discharged (or both) to allow for SoC and BMS (Battery Management System) calibration and cell balancing. Arrangements may need to be made to allow for BESS to deviate from dispatch to perform these operations, allowing for SoC inaccuracy at the limits of full charge and discharge.

System enhancements should be technology neutral
Where proposed reforms offer efficiency gains across the power system, for example a reduction in gate closure, Mercury considers these measures, if adopted, should be applied to all generation types rather than confined to BESS. While we recognise that batteries can react quickly to new information potentially other generation forms can too (for example, run of river hydro). A technology neutral approach will enable generation and storage systems to compete for dispatch on a level playing field.

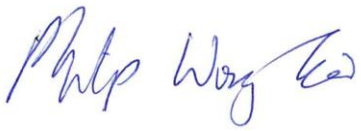
BESS workstream should proceed with urgency
Given New Zealand needs flexible generation and storage options to support our renewable transition, and we now have several BESS systems deployed or under construction, Mercury supports the Authority moving with urgency to maximise the systemic benefits of BESS by removing barriers to BESS participation in the electricity market.

We note that after considering submissions on this consultation the Authority intends to decide on next steps and consult further on any proposed Code amendments in the first half of 2026. Mercury considers that one way to ensure that future consultations are easier for audiences to respond to would be to separate policy issues relating to integrating BESS into the market from the more technical issues relating to battery performance and characteristics. Mercury would support the Authority standing up a small technical expert advisory group to assist/accelerate technical system design issues in tandem with development of market integration policy proposals.

If you have any questions about our submission, please contact Philip.WongToo@mercury.co.nz.

Millennium Centre, 602 Great South Road, Ellerslie 1051
Private Bag 92008, Auckland 1142 New Zealand
PHONE: + 64 9 580 3500
FAX: + 64 9 580 3501
mercury.co.nz

Yours sincerely



Philip Wong Too
Technical Director Renewables