

29 September 2023

Electricity Authority
PO Box 10041
Wellington 6143

Dear Sarah,

ENA welcomes the opportunity to comment on the dispatch notification enhancement and clarifications consultation paper.

ENA and its members support the introduction of the dispatch notification process and its intent to allow small-scale generation, small-scale load and aggregators of very small-scale resources (such as residential solar and battery systems) to directly participate in the wholesale market. More widespread market participation of the resources embedded in our members' networks will further the overarching policy intent of minimising whole-of-system costs and improving system security, as New Zealand progresses towards a 100% renewable power system.

From a market solution perspective, EDBs are agnostic as to whether dispatch notification bids entering the wholesale market should be aggregated to a single GXP or reported against the relevant individual GXPs, provided the bids reflect actions that can be accommodated by the host networks that the resources are embedded in.

The highest priority for our members is the safe and reliable operation of their distribution networks. As more consumers' distributed energy resources (DER) are managed in response to wholesale market signals, EDBs need visibility of the individual resource participating in the dispatch notification process, its location on the network and the aggregator that controls that resource.

To avoid risks to consumer safety and network assets, EDBs will need a way to communicate to aggregators which actions can safely be accommodated by the host network, at that location and point in time. Throughout the development of the dispatch notification process, there appears to have been an incorrect implicit assumption that the actions of aggregators will not impact EDBs' networks. This is not the case, especially at the low-voltage level; where network headroom is dynamic and can quickly change (e.g. due to car versus pole outages).

Awareness of the future likelihood and potential risks of DER "herding" (i.e. large quantities of DER responding to the same signals (market or retail prices) in a synchronised way, eroding diversity) is growing among EDBs. Presenting a sea change for consumption patterns and levels of consumer demand, and how EDB networks will be operated and planned in the future. Communication between aggregators and their host network operators will be critical to managing this transition.

ENA believes enhanced visibility of aggregator activity can be achieved by either:

- a) requiring dispatch notification participants to notify EDBs of each ICP on their network that is aggregated into dispatch notification bids; and/or
- b) the inclusion of a new field in the Registry to record the dispatch participants responsible for the control of each aggregated ICP. The field would only need to be mandatory for ICPs controlled by the aggregator. (ENA notes that a parallel consultation is underway on Registry enhancements related to the individual DER resources that would form the basis of the dispatch notification bids).

ENA further notes the bulk of the information required for the above is already held by the Authority and System Operator (under Schedule 13.8 section (1)) and that individual ICP data could simply be incorporated into this section and section 12(3) and automatically uploaded into the Registry.

ENA recommends that dispatch notification process participants, and other aggregators, be required to enter default distribution agreements (DDAs, aka Use of System Agreements) or equivalent contracts with EDBs. This would ensure the rights and obligations of each party are documented, and operating protocols are agreed (as is the case for retailers currently, under cl 5.6). ENA expects that the issue of a DDA for non-retailer participants, and ensuring clause 5 of the model DDA is fit for purpose, will be part of the Authority's upcoming DDA consultation.

In considering changes to Part 13 (including Schedule 13.8), ENA recommends the Authority also add, as a pre-requisite for approval as a dispatch-capable load station (DCLS), that the applicant has entered into an operating protocol with its host EDB(s). This would be the equivalent of the 'asset owner performance obligations'¹ on parties connecting to and operating on the transmission network, which supports the system operator complying with its principal performance obligations. There is currently no equivalent to ensure that a DCLS assists (and does not hinder) its host EDB in meeting the EDB's obligations for reliability and quality of supply.

Yours sincerely



Keith Hutchinson

Regulatory manager

¹ Set out in subpart 2 of Part 8 of the Code