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Secretary: David Inch, david@nzenergy.co.nz

30 April 2019

Submissions
Electricity Authority
P O Box 10041
Wellington 6143

By email: submissions@ea.govt.nz

Dear Tim,

RE: Remaining elements of real-time pricing

The Independent Electricity Generators Association Incorporated (IEGA) welcomes the opportunity to provide feedback on the Electricity Authority's (Authority) proposed elements of real-time pricing relating to distributed generation.¹

This submission is focused on the new proposals for dispatching distributed generation – referred to as distributed generation-lite. We appreciate the Authority's work on enabling distributed generation to opt-in to a 'lite' dispatch process following our feedback on the initial real-time pricing proposals.

In general, the IEGA supports the Authority's proposals – comments are below. In addition, the IEGA **requests** the Authority consider the option of block-dispatch for generation sites connected to different GXPs as a component of distributed generation-lite. Block dispatch will bring the benefits of distributed generation participation in the wholesale market at a lower cost to individual generation plant owners as an aggregator or contracted third party could manage the Code obligations.

The IEGA also notes the Authority's proposal to establish engagement groups to focus on specific areas. We would welcome the opportunity to be involved in an engagement group if one is established in relation to distributed generation-lite or dispatch-lite.

¹ The Committee has signed off this submission on behalf of members.

Comments on the distributed generation-lite proposals

Eligibility

The IEGA agrees with the Authority's proposed criteria for distributed generation to be eligible to opt-in to the dispatch-lite process. We agree that the current thresholds in the Code, that have existed and operated successfully since the wholesale market was established, should form the basis of the criteria for distributed generation-lite.

The IEGA also supports the Authority's proposed approach to the requirement for SCADA telemetry for distributed generation. Our understanding is that the discretion currently held by the System Operator would continue to apply and other distributed generation will not be required to install SCADA telemetry.

Saying no to a dispatch notification

The proposal has two steps using two different forms or processes:

- Send a specific type of acknowledgment to the dispatch notification through the dispatch system; and then
- Immediately rebid or reoffer as non-dispatchable using another method for the remainder of that trading period and until the end of the next gate closure period.

We support this two-step process if the two distinct steps cannot be avoided. Our motivation is to make this dispatch-lite process easy to encourage participation.

Gate closure would be 30 minutes

The IEGA supports gate closure of 30 minutes for dispatch-lite participants.

Saying no to dispatch notifications rarely

There are two points in this section:

- Dispatch-lite participants must notify the System Operator if they are not going to comply with a dispatch instruction (or breach the Code)
- Dispatch-lite participants can say no to a System Operator dispatch instruction on rare occasions

The IEGA has limited knowledge of, and has not reviewed, the Code as it applies to participants that are currently dispatched in this regard. The IEGA supports these proposals if they are no more onerous than the requirements for participants that are currently dispatched, on the basis that dispatch-lite participation will not increase the potential for unexpected changes in net load.

We assume the same bone fide circumstances for dispatched generation will apply to dispatch-lite participants and can be part of the 'rare' occasions when a dispatch-lite participant decides not to comply with a dispatch instruction.

Electing to be non-dispatchable

As above, electing to be non-dispatchable must be a component of the current wholesale market dispatch process. The IEGA supports these proposals if they are no more onerous than the requirements for participants that are currently dispatched, on the basis that dispatch-lite participation will not increase the potential for unexpected changes in net load.

We would welcome the opportunity to discuss this submission with you.

Yours sincerely

A handwritten signature in black ink, appearing to read "Warren McNabb". The signature is written in a cursive, flowing style.

Warren McNabb
Chair