

Remaining Elements of Real-time Pricing Consultation Paper

NZ Wind Energy Association Submission
6 May 2019



Submissions
Electricity Authority
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Via e-mail : submissions@ea.govt.nz

Introduction

1. The New Zealand Wind Energy Association (NZWEA) welcomes the opportunity to comment on the Electricity Authority's (EA) Remaining Elements of Real-time Pricing Consultation Paper (RTP).
2. NZWEA acknowledges that its submission is outside of the consultation closing date of 30 April and may not be able to be considered. Notwithstanding this, NZWEA wishes to confirm its support for the RTP project and the introduction of dispatch-lite as proposed.
3. One of the Association's three key areas of strategic focus is to expand the opportunity for wind development to enable community and industrial projects including wind's integration with other technologies.
4. Studies undertaken by the Parliamentary Commissioner for the Environment confirm that large scale wind farms can only ever occupy a small portion of a country's wind locations. Microclimates which have funnelling or hilltop attributes are very favourable for small scale wind projects.
5. While internationally small-scale community owned wind farms are a growing sector to utilise available wind resource, increase local energy independence and reduce carbon emissions New Zealand has yet to realise the potential of smaller scale developments.
6. It is also acknowledged that geographical diversity for wind farms reduces the impacts of intermittency by being exposed to different weather patterns.
7. As New Zealand's electricity system develops, with an increasing level of intermittent renewable generation, it is important that market and trading arrangements enable greater market participation of both small-scale generation as well as dispatchable demand.
8. In this submission the Association therefore focuses on the revised "dispatch-lite" proposal as this element is most relevant to the wind industry and in particular enabling smaller scale electricity generation to cost effectively participate in the spot market.

Executive Summary

9. While the Association did not submit on the 2017 RTP consultation NZWEA considers the project a significant development for the electricity sector in enhancing the trading of electricity and that the proposed dispatch-lite changes support the achievement of the stated objective of ensuring spot prices more accurately reflect prevailing conditions on the power system.
10. NZWEA supports the expansion of dispatch-lite to include smaller-scale generation in addition to controllable demand. Doing so strengthens the RTP proposition including better accommodating future shifts in technology.
11. The Association further notes the importance of dispatch-lite in its original form to support dispatchable demand as this better enables the benefits of behind the meter technologies to be realised to optimise electricity sector efficiency and avoid unnecessary investment.
12. Increasing the opportunity to cost-effectively participate in the spot market should result in greater understanding of, and confidence in, how the market functions.
13. The Association notes paragraphs 3.56 and 3.57 and 3.58 of the Consultation Paper and agrees that the RPT Project, with dispatch-lite for both distributed generation and dispatchable demand, is an important development to future proof the wholesale market and support the development of renewable electricity generation.
14. In summary the Association considers that to provide for future trends in distributed generation, and enable New Zealand's significant potential for smaller scale wind farm developments to be realised, it is important to have a model for spot market participation that is cost appropriate such as dispatch-lite.

Response to Specific Questions

Q1 - Criteria for distributed generation to be eligible for dispatch-lite

The Association agrees it is practicable to use the current thresholds contained in the Code as these have proven over time to operate successfully.

Q2 - Criteria for purchasers to be eligible for dispatch-lite

The Association supports the proposal but notes, in the Association's view, the aggregation of controllable load sources will become a core market activity as the investment in behind the meter capability and intermittent generation increases.

Q3 – Participants with SCADA telemetry eligibility for dispatch-lite

The Association supports the EA's proposed approach that participants who wish to use SCADA telemetry should be eligible for dispatch-lite.

Q4 – Obligation to rebid

The Association supports the two-step process proposed. While the objective of dispatch-lite is for a simplified process that recognises the scale of the volume being traded not being able to respond to a dispatch notification should have requirements to confirm position.

Q5 – Gate closure set at 30 minutes

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

Q6 – Proposed compliance arrangements

The Association has a limited knowledge of the Code but supports the proposed compliance requirements so long as they are no more onerous than the requirements for participants that are currently dispatched.

Q7 – Proposed methods to allow withdraw from dispatch

Response as for question 7.

Q8 – Implementation of dispatch-lite

The Association supports the implementation of dispatch-lite.

About the NZ Wind Energy Association (NZWEA)

- The NZWEA is an industry association that promotes the development of wind as a reliable, sustainable, clean and commercially viable energy source.
- We aim to fairly represent wind energy to the public, Government and energy sector.
- Our members are involved in the wind energy sector and include electricity generators, wind farm developers, lines companies, turbine manufacturers, consulting organisations and other providers of services to the wind sector.
- By being a member of NZWEA you are assisting the development of wind energy in New Zealand and helping to reduce our greenhouse gas emissions to meet climate change targets.

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ⁱ PCE Report Wind Power, People and Place (2006b) Parliamentary Commissioner for the Environment, PCE Report (2006a) Get smart, think small. Wellington Parliamentary Commissioner for the Environment.