

14 August 2025

System Operator
Transpower
By email: system.operator@transpower.co.nz

Evolving market resource co-ordination: Tie-breaker provisions

Meridian welcomes the opportunity to comment on the System Operator's consultation document on how tie-breaker situations should be resolved when multiple competing generators offer at the same price and location but cannot be fully dispatched due to a network export limit.

Meridian agrees that the status quo is uncertain in these situations and can lead to inconsistent and unpredictable dispatch decisions. Meridian broadly supports the simple solution proposed by the System Operator whereby a tie-breaker energy constraint within SPD will allocate dispatch in proportion (pro-rata) to the offered MW quantities at the relevant node. We have considered the alternatives in the consultation paper and agree that the proposal should be preferred, subject to the refinements noted below:

- The System Operator should specify that tie-breaker allocations will be pro-rated based on the size of the tied offer price band (not the total offered MW at the node if there are also offers in other price bands). The intended outcome was not clear from the consultation document.
- Meridian also agrees with the System Operator that for intermittent generators the tie-breaker allocation should be pro-rated based on offered MW at the tied offer price *as limited by the forecast of generation potential*. Footnote 13 in the consultation document indicates this is the intention but we stress the importance of this point to ensure that there is no unintended curtailing of low-cost generation under the proposed approach. See the example below of two generators (one of which is intermittent) both offering volumes at \$0.01/MWh at a node with a 160MW export constraint:

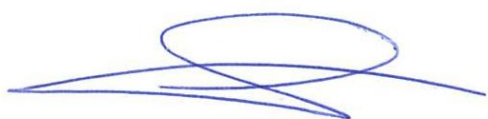
	Intermittent Generator 1 100MW (FOGP = 10MW)	Genrator 2 300MW	Outcome
Solve based on volume of tied offers	40MW	120MW	40MW is infeasible for the intermittent generator who can only generate 10MW in real time so only 130MW of low-priced generation is exported from the node and the constraint is unbound. 30MW of low-priced generation is not made available to the market.
Solve based on volume of tied offers but limited by FOGP	5.2MW	154.8MW	The solution is feasible for all generators and the full 160MW of low-priced generation is exported from the node

When the System Operator makes its decision, if the tie-breaker proposal is to be implemented, it would be good to see worked examples covering a wide range of scenarios so that generators have a comprehensive understanding of how the tie-breaker solution will operate in practice.

Meridian notes the System Operator's views on negative spot pricing but makes no comment at this stage given any such proposal would need to be developed by the Electricity Authority with analysis of the complex market design challenges associated, and an assessment of the expected costs and benefits to consumers. If a negative spot pricing proposal is developed by the Electricity Authority, Meridian would engage at that time. We agree with the System Operator that even with negative spot pricing there would still be a need for a tie-breaker solution, albeit less often.

Responses to the consultation questions are appended to this submission. Please contact me if you have any queries regarding this submission.

Nāku noa, nā



Sam Fleming
Manager Regulatory and Government Relations

Appendix: Responses to consultation questions

	Question	Response
1.	Do you support our proposed tie-breaker solution: dispatch in proportion to offers? Do you have any feedback on any aspect of it or our consideration of it?	Yes, with the refinements noted in the body of this submission.
2.	If you do not support our proposed tie-breaker solution, which alternative option would you prefer? If so, please describe the alternative and why you prefer it.	Not applicable.
3.	Are there alternative options we have not identified which we should consider?	Not that Meridian has identified at this stage.
4.	Do you agree with our qualitative assessment that the benefits of the proposal can reasonably be expected to outweigh the costs?	Yes, there are likely to be material benefits from greater certainty to inform investment decisions, operational certainty, equity for market participants, and reduced reliance on real-time discretionary decisions by the System Operator. Meridian expects those benefits to outweigh any implementation costs for the System Operator (and many of the costs may already have been incurred in development and testing of a prototype). We do not expect costs to any other party as a result of the proposal.
5.	Do you agree it is appropriate to rely on qualitative evaluation of the costs and benefits of the proposed amendments? If not, what information, evidence etc can you provide and/or what methods would you recommend to quantify the costs and benefits?	Yes.
6.	Do you think we should progress a proposal to incorporate information about any tie-breaker solution we decide to adopt into the Policy Statement, to enhance certainty and transparency?	Yes. Inclusion in the Policy Statement would be consistent with clause 8.11 of the Code.