

20 March 2024

Transpower New Zealand Ltd
22 Boulcott Street
PO Box 1021
Wellington
New Zealand

Vector Limited
110 Carlton Gore Road
PO Box 99882
Newmarket
Auckland 1149
+64 9 978 7788 / vector.co.nz

By email: system.operator@transpower.co.nz

Cross submission on System Operator Rolling Outage Plan Review consultation

This is Vector's cross submission on the System Operator Rolling Outage Plan (SOROP) Review Consultation. No part of this submission is confidential and it can be published in full on Transpower's website.

Lobby for lower savings targets

We are already seeing evidence of the System Operator's newly proposed discretion to vary or amend savings targets (including based on economic reasons) being used by major consumers lobbying for the System Operator to consider their operational dynamics and existing commercial demand response arrangements.

NZ Steel and MEUG respectively submitted that:

"We support the System Operator having flexibility in working with large consumers re savings targets (Section 6.20)."

"We recommend that the System Operator clarify with each direct connect how they will account for existing demand response agreements as part of a participant's savings target."

We reiterate that any participant pursuing commercial opportunities with their flexible resources for financial gain, should not be exempt from being directed further savings targets. Any requests for exemptions based on economic grounds or foreseeable operational matters should be handled by the Electricity Authority, supported by advice from the System Operator, and should be fully transparent to provide the public with confidence that everyone is doing their fair share.

Demand forecasting

We agree with Wellington Electricity Lines Limited (WELL) that specified participants should not be required to provide half hourly GXP level demand forecast information following notification of savings targets. As noted by WELL:

“...we disagree with the requirement for EDBs to provide half hourly GXP level demand forecast upon notification of savings targets. This is because we do not have the capability to provide this data. The change would require substantial investment in monitoring equipment and forecast calculations that would require an increase in funding through regulatory allowances.

While there is progress within the industry through other workstreams to provide a greater transparency of data, WELL believes until there is greater direction for this large investment, this requirement cannot be mandated. Transpower's own demand forecasting and Wellington Electricity's feedback on the energy savings targets should be sufficient for Transpower to be certain of the forecasted demand.

...providing GXP half hourly forecast data is not something WELL has the capability to do and may incur a duplication of effort and costs to customers if we are not the best participant to provide this data.”

We consider that the System Operator is best placed to be responsible for providing specified participants with weekly forecasts of electricity consumption, demand, and savings targets. This would avoid duplication of effort and provide more robust and consistent outcomes because the same forecasting model and inputs are being used across all specified participants. The System Operator should also publish this information on their website for transparency.

It is also at odds with the Future Systems Operations consultation paper, currently out for consultation by the Electricity Authority, which emphasises the need for more and better coordination between the System Operator and distributors and using these synergies rather than duplicating efforts.

Kind regards,

Bas van Esch
Market Strategy / Regulation