

31 July 2025

Electricity Authority
PO Box 10041
Wellington 6143

Submitted via email: fsr@ea.govt.nz

To whom it may concern,

ENA welcomes the opportunity to submit on the Electricity Authority (the Authority) paper *A regulatory roadmap for battery energy storage systems* (the BESS roadmap). ENA represents the 29 electricity distribution businesses (EDBs) in New Zealand (see appendix B – ENA Members) which provide local and regional electricity networks. EDBs employ 7,800 people, deliver energy to more than two million homes and business and have spent or invested over \$6 billion in the last five years.

ENA agrees with the Authority that Battery Energy Storage Systems (BESS) will play an important role in enabling the electrification of Aotearoa New Zealand and the uptake of low carbon technologies. For the electricity distribution sector specifically we can see tremendous opportunities to utilise BESS as flexible Distributed Energy Resources (DER), allowing EDBs to accommodate greater levels of consumer demand on existing network assets at the lowest possible cost. We therefore welcome clarity from the regulator on its intended future actions via this paper, setting out the Authority's BESS roadmap.

We have a short comment to make to the Authority on the BESS roadmap, and this is included in this letter as appendix A.

We're very happy to engage with the Authority further on the content of their BESS roadmap, if that is useful. Please contact Richard Le Gros (richard@electricity.org.nz), Policy and Innovation Manager at ENA, if you have any questions.

Regards,



Richard Le Gros
Policy and Innovation Manager

Appendix A: ENA feedback to EA paper A *regulatory roadmap for battery energy storage systems*

Treatment of BESS under Part 6 DGPP

We are concerned about the unintended consequence from the imminent Part 6 connection process decisions where BESS is going to be defined as generation for which incremental costs rule apply, however it's not fair to other load customers who do pay for line charges and capacity charges when BESS charging is in no different (in terms of network utilisation) compared with any other load customer.

While uptake of BESS is relatively low at the present time this is perhaps not so egregious, but under a situation where BESS is abundant this could become a significant cross-subsidy from pure load customers to customers with load and BESS. We have also seen this issue materialise in the recent Authority consultation on *Evolving multiple retailing and switching*, as prohibitions there on charging generation traders more than the incremental costs of their connection (in an MTR situation) would have the same effect (i.e. cross-subsidisation).

As such, we also feel the proposed review of distributed generation pricing principles (including the review of the aforementioned incremental cost principles) should be included within the BESS roadmap.

We also note that the paper makes several references to the transmission pricing methodologies, but does not reference the distribution pricing principles. We encourage the Authority to ensure both network pricing impacts are considered at each stage of the roadmap.

In terms of whether BESS should be treated as load or generation, this is noted as an issue in the paper, but we cannot see how the roadmap plans to address this issue. We recommend this be a priority. There may perhaps be merit in treating BESS as a separate category, since it acts like 'load' when charging from the network, but generation if charging from generation assets, and exporting to

Appendix B: ENA Members

Electricity Networks Aotearoa makes this submission along with the support of its members, listed below.

- Alpine Energy
- Aurora Energy
- Buller Electricity
- Centralines
- Counties Energy
- Electra
- EA Networks
- Firstlight Network
- Horizon Energy Distribution
- MainPower NZ
- Marlborough Lines
- Nelson Electricity
- Network Tasman
- Network Waitaki
- Northpower
- Orion New Zealand
- Powerco
- PowerNet (which manages The Power Company, Electricity Invercargill, OtagoNet and Lakeland Network)
- Scanpower
- The Lines Company
- Top Energy
- Unison Networks
- Vector
- Waipa Networks
- WEL Networks
- Wellington Electricity Lines
- Westpower