23 December 2025

Electricity Authority
PO Box 10041
Wellington 6143

Submitted via email: operationsconsult@ea.govt.nz

To whom it may concern,

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

Whilst ENA does not routinely provide input into proposals primarily related to the wholesale electricity market, one aspect of this paper that gives rise to some concerns. Overall, however, the proposals in the paper seem sensible to us.

Our concerns relate to the proposal that the System Operator (SO) will provide dispatch instructions to large BESS connected to both the transmission and distribution networks. While we understand that this is a pragmatic solution (which the Authority describes as the "…likely only one option…") it nevertheless takes the system towards a specific DSO model (specifically 'total TSO'). This may pre-empt future design decisions. By allowing for embedded BESS to be dispatched by the SO (rather than an EDB or DSO), one of the fundamental tasks a DSO would perform under two of the DSO models presented in the earlier Authority consultation will be assigned elsewhere. We appreciate that this is consistent with existing arrangements for large Distributed Generation (DG), and that the Authority may consider EDBs/DSOs are not yet ready and capable of providing these dispatch instructions, but it is nevertheless a step towards a particular DSO model.

We note the Authority's recent update on its intended next steps for the Future system operation: DSO models workstream[1]. We welcome the Authority's proposal to develop a cross-agency future system operation roadmap, following sector engagement in the first half of 2026. We agree with the Authority that "…there is value in keeping options open at this stage, as opposed to endorsing one particular DSO model."

[1] https://www.ea.govt.nz/projects/all/future-security-and-resilience/consultation/distribution-system-operation/

Consistent with the quoted Authority statement above, we consider it prudent to conclude deliberations with the sector and other stakeholders on the preferred DSO model for NZ before taking further steps towards any specific model.

EDBs are increasingly seeking to utilise flexible resources (such as BESS) connected to their networks to manage both short-term and long-term constraint and capacity issues. It is important that the Authority work with the sector to determine clear and consistent mechanisms for instructing these resources to operate, to avoid a situation where multiple parties in the sector are inadvertently dispatching a flexibility resource to resolve one constraint but inadvertently exacerbating another.

We would be happy to engage further with the Authority on these issues. Please contact Richard Le Gros (richard@electricity.org.nz), Policy and Innovation Manager at ENA, in the first instance.

Regards,

Richard Le Gros
Policy and Innovation Manager

Appendix A: 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
- Electricity Invercargill
- 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