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Electricity Authority  
Level 7, AON Centre  
1 Willis Street  
Wellington

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

By email: [policyconsult@ea.govt.nz](mailto:policyconsult@ea.govt.nz)

## Code amendment omnibus three: May 2024 – Vector response to consultation paper

Vector appreciates the opportunity to comment on the Electricity Authority's (the Authority) Code amendment omnibus three: May 2024. This submission is not confidential and can be published in full on the Authority's website.

### **Inflation adjustment for prescribed maximum fees**

Vector supports the proposal for adjusting the maximum distributed generation (DG) application fees for inflation and would further support an automatic adjustment mechanism being put into the Code to adjust the maximum fees by inflation on an annual basis. Creating a separate document to associate by reference and adding in an automatic adjustment mechanism would ensure that allowable costs remain consistent with inflation without having to action a Code amendment process each time.

### **Expanding distributed generation information in the registry**

We consider there is some very important and material context to be considered in the context of these Code amendments. We do not believe this context has been considered fully by the Authority to date. If the Authority disagrees with any of this framing, we request explicit feedback, addressed to us directly.

- DG installations are expected to significantly increase in number in the coming decade.
- A significant quantity of similarly behaving DG on low-voltage networks (e.g. solar PV) will lead to export congestion and constraints at some times in some locations, as has occurred overseas, most notably in parts of Australia.
- It will be economically efficient to grow EDB networks in many cases, but it will never be efficient, nor in consumers' interests, for EDBs to build physical networks that alleviate all potential constraints from DG export. Constraints and congestion management will be a feature of the distribution network of the future.
- EDBs will therefore need other tools to plan for and manage those constraints.
- In jurisdictions with high DG penetration, EDBs are using operating limits, a combination of both static and dynamic limits, to provide customer choice while supporting distribution planning and

operations and ensuring networks are sized efficiently (as opposed to being expanded to manage extreme case scenarios).

- The implementation of operating limits relies on smart inverter protocols which provide the ability to configure export limits remotely, adjusting them to support their local low-voltage grids as conditions change.
- However, the sunset clause for 1A applications in Part 6 of the Code eliminates EDB use of the maximum export limit settings in smart inverters in 2026.

Vector supports the expansion of the ICP registry to provide industry participants with more detailed information about DG. We agree with the proposal to use the 2-level system and encourage the Authority to ensure that the guidelines for data entry are clear and that the data is sufficiently structured. This results in data that is of higher quality, making analysis of that data more efficient. If the Authority provides us with the full scope of changes to the ICP registry six months prior to 1 April 2025, we do not see an issue with accommodating the proposed changes.

We do note that under the proposed changes to schedule 11.1 subclause (7)(1)(q) in the Code, distributors will now have the option to provide a maximum electricity export limit at each ICP. In the Omnibus proposal the Authority states that the primary value of distributors sharing this information is that “*a consumer (or agent like a flexibility trader), will be aware of the limit set by the distributor for the ICP, before the consumer finalises purchase of the distributed generation.*” It is worth noting that distributors will not be able to enforce maximum export limits on 1A DG applications after 1 September 2026, per Part 6 of the Code.

In light of the context set out above, we recommend that the Authority consider whether sunsetting distributor’s ability to utilise export limits for qualified 1A DG installations still delivers on their evolving view of an efficient electricity system for the future. The use of dynamic operating limits was referenced recently in the Authority’s consultation on Future System Operation, and they are a key tool in the toolkit of Australian EDBs managing these issues. We think it would be premature for the Authority to put in place Code that limits those options. Any barriers to their implementation must be removed, with urgency.

We request that the Authority addresses our concern explicitly in its decision paper on these Code changes.

### **Responses to specific questions posed in the consultation paper**

The remainder of our submission responds to the specific consultation questions set out in Appendix C of the paper.

### **Feedback on the omnibus format**

Q1.1. Do you have any comments on the omnibus format or suggestions to improve the omnibus format?

We agree the omnibus process is efficient. However, we consider that some issues addressed in this, and recent omnibus proposals, are less straightforward than the Authority has assumed and warranted a deeper dive than the process allows for.

The Authority could ask, for each item addressed in an omnibus such as these (i.e. not the Code review programme), whether submitters think the issue was relatively technical and/or non-controversial.

### **Inflation adjustment for prescribed maximum fees**

Q2.1. Do you support the Authority's proposal to inflation adjust the fees in Schedule 6.5?  
Please explain your answers

Vector supports the proposal for adjusting the maximum DG application fees for inflation and would further support an automatic adjustment mechanism being put into the Code. See our answer to Q2.2 for more detail.

Q2.2. Do you agree the proposed amendment is preferable to the other options? If you disagree, please explain your preferred option in terms consistent with the Authority's statutory objective in section 15 of the Electricity Industry Act 2010

Vector would recommend implementing an automatic adjustment mechanism. The automatic mechanism would allow the adjustment of the maximum fees by inflation on an annual basis. Adding in an automatic adjustment mechanism would ensure that allowable costs remain consistent with inflation without needing the code amendment process each time. The calculation methodology for this automatic adjustment could be the same as the one used in the current proposal.

Q2.3. Do you agree with the analysis presented in this Regulatory Statement? If not, why not?

We agree with the regulatory statement.

Q2.4. Do you have any comments on the drafting of the proposed amendment?

Rather than publishing the specific fees in the Code in Schedule 6.5, we suggest the Authority could describe a calculation methodology in the Code, as was done in clauses 2.10, 2.11, and 2.12 (including the associated footnotes) found in the Omnibus consultation. The Code could then reference a publication of the current fee schedule, which could be found on the Authority's website and could be reviewed and updated once per year.

### **Expanding distributed generation fields in the registry**

Q3.1. Do you support the Authority's proposal to expand the DG fields in the registry using a two-level structure as described above? Please explain your answer.

Vector supports the expansion of the ICP registry to provide industry participants with more detailed information about distributed generation. We agree with the proposal to use the 2-level system and encourage the Authority to ensure that the guidelines for data entry are clear and that the data is sufficiently structured. This results in consistent data entry and therefore data that is of higher quality, this combined with structured data will make the analysis of that data more efficient for all.

We suggest that the maximum export limit proposed in subclause 7(1)(q) should be included as one of the items found in the summary level data as it would relate to the export limit for the whole ICP and not an individual DG device.

Q3.2 Do you agree with the transition plan and a six-month transition period? Please explain your answer.

Yes, if the scope and format of the changes to the registry are determined by the Authority and the registry manager and then shared with EDBs with the proposed six month notice then we agree that the transition period is reasonable. Any delays to providing details of the registry changes could impact the cost and timeliness of completing upgrades to the software systems we rely on to integrate with the ICP registry.

Q3.3. Do you agree the proposed amendment is preferable to the other options? If you disagree, please explain your preferred option in terms consistent with the Authority's statutory objective in section 15 of the Electricity Industry Act 2010.

We agree the proposed amendment is preferable to the other options.

Q3.4. Do you agree with the analysis presented in this Regulatory Statement? If not, why not?

We agree with the regulatory statement.

Q3.5. Do you have any comments on the drafting of the proposed amendment?

The description in subclause (7)(1)(q) does not state where this information would be found in the registry, but we would suggest that the optional maximum export level be included at the summary level DG data for an ICP.

We suggest the following re-drafting of clause 10 to reduce confusion on when a distributor is required to update the DG information at an ICP. Our redrafting focuses on the triggers for when EDBs must enter the new enhanced DG information for an ICP following 1 April 2025. This covers any DG applications (both new and modified installations) and inspections at ICPs:

The Authority's Proposed Drafting:

- (10) A **distributor** is not required to provide information under subclause (1)(o) for an **ICP** in existence prior to 1 April 2025, unless:
- (a) the **distributor** observes the testing of, or inspects, the **ICP** under clauses 7, 9C, or 22 of Schedule 6.1 of the Code; or
  - (b) an application is made to connect new **distributed generation** at the **ICP** under Part 6 of the Code.

Vector's Proposed Re-drafting:

- (10) A **distributor** must provide information under subclause (7)(1)(o) for an **ICP** from 1 April 2025 forward if one of the following occurs:
- (a) an application is made for **distributed generation**, under Part 6 of the Code at the **ICP**, or
  - (b) the **distributor** collects information as part of observation of testing or inspection at the **ICP** under clauses 7, 9C, or 22 of Schedule 6.1 of the Code;

We suggest a re-drafting of the new subclause (7)(1AA) to be clear that distributed generation still includes any synchronous generation, such as diesel generators, if they are able to inject electricity into the distributor's network.

The Authority's Proposed Drafting:

- (1AA) To avoid doubt, for the purposes of this clause, distributed generation includes, batteries, inverters, and vehicle-to-grid installations that inject electricity into the distributor's network.

Vector's Proposed Re-drafting:

- (1AA) To avoid doubt, for the purposes of this clause, distributed generation includes, batteries, inverters, synchronous generation, and vehicle-to-grid installations that are able to inject electricity into the distributor's network.

Respectfully,



Matt Smith  
Policy Advisor, Strategic Planning and Technology Integration