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Transpower and Gas Manager

Regulation Branch

Commerce Commission

c/o infrastructure.regulation@comcom.govt.nz

FlexForum advice on the WBOP major capex proposal draft decision

[FlexForum](#) exists to support coordinated and collaborative action across the electricity ecosystem and speed up progress to make it easy and routine for households, businesses, communities to maximise the value of their distributed and flexible resources.

We are an incorporated society with 42 Members from across the electricity ecosystem.¹ Our touchstone is the [Flexibility Plan](#) which is a whole-of-system list of the practical steps and actions that must be taken by the electricity ecosystem to make it easy for people to maximise the value of flexible resources and support the affordable and reliable operation of the electricity market and system.

Flexibility² is our focus because it is central to an affordable, sustainable, reliable and consumer-centric electricity market and system. Flexible resources owned by households, business and communities – electric vehicles (EV), EV chargers, solar, battery storage, heating and cooling equipment and energy management systems – are becoming more prevalent. Harnessing this flexibility provides an opportunity to give people greater agency and autonomy over their energy and help to ensure a smart power system.³

FlexForum endorses the Commerce Commission draft decision to approve Transpower's Western Bay of Plenty Major Capital Project proposal, and specifically endorses the \$2.9 million allowance (in 2032 dollars) for non-transmission solutions.

Learning is difficult, particularly when building experience could adversely impact reliability of supply across a region. The two stage process for non-transmission solutions - first supporting flexibility coordinators to build capacity and then supporting delivery close to the commissioning date - enables critical learning-by-doing and capacity building.

¹ The list of FlexForum Members is available [here](#). Members include: gentailers, retailers, metering services suppliers, electric vehicle charger manufacturers, energy management software firms, Transpower, distributors, solutions providers, universities, and some real people.

² Flexibility is the modification of generation injection and consumption patterns, on an individual or aggregated level, often in reaction to an external signal, to provide a service to the owner or within the power system.

³ The opportunity and benefits of flexibility are flagged by a range of parties including [Transpower](#), the [Market development advisory group](#), and the BCG [The future is electric](#) report.

The WBOP project is an ideal test bed to understand how, when and where flexibility can be used to support the transmission network, and should be seen as a part of a longer journey:

- building experience and know-how with practical use of distributed flexibility, including in procuring, deploying and using flexibility
- assisting the integration of flexible resources into the system through informing development of common market infrastructure such as communications pathways, contractual frameworks and cash signals
- building experience with a solution to fill a key [transmission-related hole in the value stack](#).

FlexForum is keen to support Transpower however it can with implementing the non-transmission solution aspect of the WBOP project, particularly to design a non-transmission solution process which makes progress with the tasks and actions identified in the Flexibility Plan, including:

1. developing common specification(s) for using flexibility for transmission purposes to make it easier for people to understand what services they can provide with their flexibility (ie, to monetise their flexibility)
2. understanding the potential to routinely use non-transmission solutions to provide an efficient pricing mechanism and cash signals to incentivise and motivate flexible responses to transmission conditions
3. identifying mechanisms for exchanging flexibility for each use case which are low cost, support liquidity and participation and make it easy for people to maximise the benefits of their flexibility.

FlexForum considers exchange-based approaches will be superior to request for proposal processes for procuring flexibility. The WBOP project should prioritise use of an exchange-based procurement mechanism, ideally collaborating with other flexibility buyers, eg, Powerco.

4. developing technical qualification methods which are low cost and scalable
5. developing common methods and the associated capability sets for measuring, validating and settling flexibility transactions.

The WBOP project is an excellent opportunity to accelerate the development of flexibility and a smart power system in Aotearoa New Zealand, particularly by collaborating and coordinating with parties like Powerco and the EECA Scaled demand flexibility demonstration pilot project to advance steps in the Flexibility Plan by developing processes which encourage people to say yes to flex.

This is FlexForum advice. Individual FlexForum Members will have their own perspectives and positions.

You can contact FlexForum at info@flexforum.nz with any questions and to arrange further discussion.

