

ENERGY SECURITY BOARD TECHNICAL WORKING GROUP

CONGESTION MANAGEMENT DETAILED DESIGN

03 February 2022





AGENDA

Item	Time
Welcome & Introductions	2:00
Role of the Technical Working Group	2:20
How will we work together?	2:35
Overview of submissions received on alternative models	3:00
Plan for how we will work with these options	3:15
Open Q&A	3:20
Immediate priorities and next steps	3:40
Thanks and close	3:45
<i>Contingency</i>	<i>15 mins</i>



WELCOME & INTRODUCTIONS



ROLE OF THE TECHNICAL WORKING GROUP

- Bring diversity of thought throughout the consideration of key outstanding issues.
- Provide industry insight into the various technical elements of the power system and the implications for the design of new regulatory frameworks.
- Represent a range of other industry, consumer and market body points of view
- Commitment to the process, an estimated 20 – 30 hours of involvement over the course of the design process.
- Expert advice that will enable the ESB to create a detailed design for the CMM as tasked by National Cabinet in a way that serves the long-term interest of consumers.



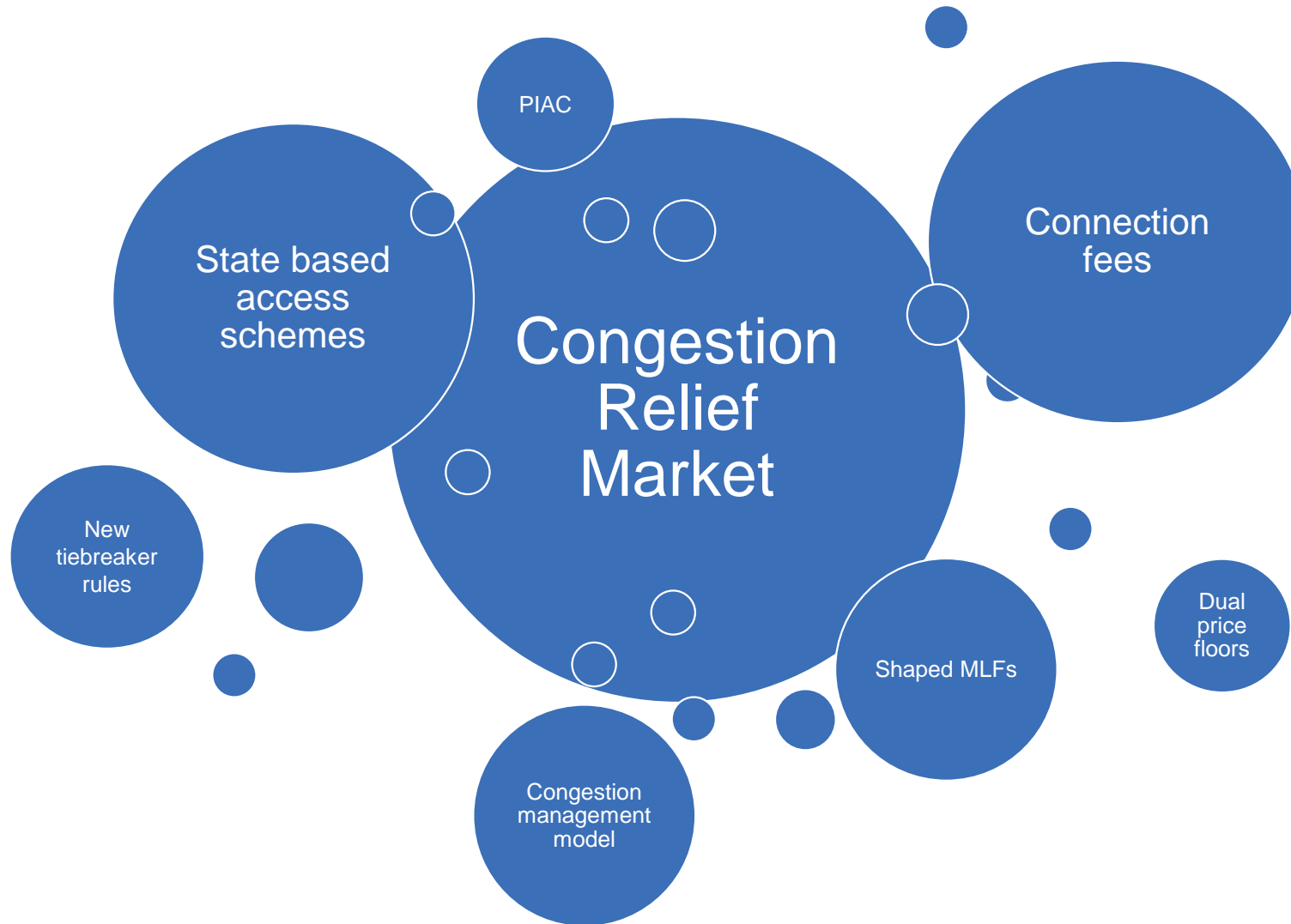
<<Thoughts?>>

HOW WILL WE WORK TOGETHER?

ALTERNATIVE MODELS



CONGESTION MANAGEMENT – SUBMISSIONS PROPOSE SEVERAL ALTERNATIVE MODELS



OVERVIEW OF MODELS



Option	
Congestion relief market	Dispatch based mechanism which recognises the ability of various assets to alleviate congestion in operational timeframes. Creates a 'side market' that allows for parties to trade congestion relief behind a constraint.
Locational connection fees	Connection applicants would work with TNSPs to remedy the impact of their connection on other participants. Potential for run-back schemes and/or commercial compensation agreements as alternatives to physical upgrades.
State based access schemes	ESB could consider global application of proposed REZ access schemes (i.e. physical access caps).
Dual price floors	Reduces transmission access risk for dispatchable generation by lifting the Market Floor Price for semi-scheduled generation.
New tie breaker rules	Where constrained generators have tied bids, lower cost generators could get preferential dispatch. If bid-tied generators have the same cost, those with an earlier commissioning date could get preferential dispatch.
Shaped MLFs	Use fixed-shape time-of-day Marginal Loss Factors (MLFs) to strengthen locational signals.
PIAC model	Model proposes new approach for developing and funding REZs.



MODELS ARE DIRECTED TOWARDS MEETING DIFFERENT ACCESS REFORM OBJECTIVES



Access reform objectives

1. Better signals for generators to locate in areas where they can provide most benefit to customers.
2. Better use of the network in operational timeframes, resulting in more efficient dispatch outcomes and lower costs.
3. Rewards for storage and demand side resources who locate where they are needed most and operate in ways that benefit the broader system.
4. Measures to give investors confidence that their investments will not be undermined by inefficient subsequent connections.

- ESB is considering how to adapt our consultation process in light of alternative models
 - As a minimum, consultation paper will describe and seek views on alternative models put forward.
 - Mix and match models to create hybrid solution?
- Deadlines make traditional publication-oriented process challenging
 - Welcome constructive engagement early and often.
 - Contact us if you would like a bilateral meeting.



PLAN FOR HOW WE WILL WORK WITH THESE OPTIONS

- Make submissions available via ESB website
- Create a framework for evaluating options (ESB to lead - aligned to reform objectives)
- Public Seminar to explore all options (around 24/2 tbc)
- TWG session to explore the models in more detail, discuss Seminar feedback (around 28/2 tbc)
- Board meets to consider path forward (March date tbc)



OPEN Q&A



IMMEDIATE PRIORITIES AND NEXT STEPS

- Prepare for Public Seminar and subsequent TWG discussion
- Create a work-plan for the TWG
- Schedule regular meetings (expected to be fortnightly)



THANKS AND CLOSE