

Retail Advisory Group Work Plan

18 September 2013

Note: This paper has been prepared for the purpose of the Retail Advisory Group. Content should not be interpreted as representing the views or policy of the Electricity Authority.

1 Recommendation

- 1.1.1 It is recommended that the Retail Advisory Group (RAG):
- note the RAG's work plan for 2013/14
 - note progress with current projects
 - note the indicative topics for discussion at upcoming meetings
 - note the update on other Authority projects.

2 Retail Advisory Group work plan for 2013/14

- 2.1.1 At its meeting on 21 August 2013, the RAG requested the secretariat to provide a pictorial representation of the RAG's work plan for 2013/14. This has been attached to this paper as Appendix A.

3 Update on progress with current projects

3.1 Consumer switching: a review of options for promoting retail competition by increasing consumers' propensity to compare and switch retailers

- 3.1.1 Progress with the consumer switching project is outlined in Table 1.

Table 1: Consumer switching: a review of options for promoting retail competition by increasing consumers' propensity to compare and switch retailers

Activity	Dates	Progress
Project briefing paper – scope and approach	30/08/12	Complete
Consideration of draft discussion paper	24/10/12	Complete
Request approval to release discussion paper	28/11/12	Complete
Consideration of Board feedback and of reformulated scope	20/02/13	Complete
Request approval to release discussion paper	February/March (offline)	Complete
Release of discussion paper for 8 weeks' consultation following feedback from Authority Board	09/04/13	Complete
Submissions received	04/06/13	Complete
Consideration of options/next steps	17/07/13	Complete
Discussion of recommendation to EA Board	21/08/13	Complete
Request approval of recommendation to the Board	20/11/13	

Present recommendation to EA Board	December 2013	
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3.2 Review of domestic contracting arrangements

3.2.1 Progress with the review of domestic contracting arrangements is outlined in Table 2.

Table 2: Review of domestic contracting arrangements

Activity	Dates	Progress
Project briefing paper – scope and approach	30/08/12	Complete
Consideration of draft issues paper	24/10/12	Complete
Request approval to release issues paper	20/02/13	Complete
Release of discussion paper for 8 weeks' consultation following feedback from Authority Board	16/04/13	Complete
Submissions received	11/06/13	Complete
Consideration of options/next steps	17/07/13	Complete
Consideration of second discussion paper	21/08/13	Complete
Request approval to release second discussion paper	18/09/13	
Release second discussion paper for 6 weeks' consultation following feedback from Authority Board	October 2013	
Submissions received	December 2013	
Consideration of submissions and draft recommendation	February 2014	
Request approval of recommendation to EA Board	March 2014	
Present recommendation to EA Board	April 2014	

3.3 Improving transparency of consumers' electricity charges

3.3.1 Progress with the Improving transparency of consumers' electricity charges project (previously known as disclosure of bill components project) is outlined in Table 3.

Table 3: Improving transparency of consumers' electricity charges

Activity	Dates	Progress
Project briefing paper – scope and approach	17/04/13	Complete

Consideration and approval of draft discussion paper	15/05/13	Complete
Release of discussion paper for 6 weeks' consultation following feedback from Authority Board	09/07/13	Complete
Submissions received	20/08/13	Complete
Consideration of submissions and options/next steps	18/09/13	
Request approval to release 2 nd discussion paper	16/10/13	
Release second discussion paper for 8 weeks' consultation following feedback from Authority Board	November 2013	
Submissions received	January 2014	
Consideration of submissions and draft recommendation	February 2014	
Request approval of recommendation to EA Board	March 2014	
Present recommendation to EA Board	April 2014	

4 Upcoming meetings - indicative topics for discussion

4.1.1 The indicative topics for discussion at upcoming meetings are set out below.

16 October 2013

- Improving transparency of consumers' electricity charges – approval of 2nd discussion paper

20 November 2013

- Consumer switching – approval of recommendation to the Board

February 2014

- Domestic contracting arrangements – submissions on 2nd discussion paper and consideration of draft recommendation to Board
- Improving transparency of consumers' electricity charges – submissions on 2nd discussion paper and consideration of draft recommendation to Board

March 2014

- Domestic contracting arrangements – approval of recommendation to the Board
- Improving transparency of consumers' electricity charges – approval of recommendation to Board

5 Update on other Authority projects

5.1 Wholesale Advisory Group projects

5.1.1 The WAG has made the following progress on its projects:

- a) *Review of options to improve pricing efficiency in the spot market during periods when generators are net pivotal*

The discussion paper was released on 28 May 2013 and submissions closed on 9 July 2013. The WAG considered a draft recommendations paper at its 5 September 2013 meeting.

- b) *Review of options to improve real-time spot price signals, especially during periods of system stress*

The discussion paper was released on 9 July 2013 and submissions closed on 23 August 2013. The WAG considered the submissions received at its 5 September 2013 meeting.

- c) *Review of the potential for developing a national instantaneous reserves market*

This project is now complete.

5.1.2 At its meeting on 5 September 2013, the WAG agreed to add three new projects to its work plan. They are:

- a) Development of hedge market
- b) National Frequency Keeping Market
- c) Review of reserve arrangements.

5.2 Other projects

5.2.1 This section contains a brief update on other Authority projects potentially of interest to the RAG:

- a) *Managing retailer default situations*

The Authority received 17 submissions on the consultation paper outlining draft amendments to the Code to give effect to a process for managing a retailer default situation. There is strong support across the board for the approach and for how the Authority has gone about its work. No submitters opposed the rule change. Most submitters thanked the Authority for its approach; the workshop with regulatory managers was a success – the majority of submitters mentioned it and thanked the Authority for listening and adapting the detail of the arrangements.

There remain differences of perspective on some of the judgement calls. Some submitters suggested the Authority should be able to extend the time period beyond 17 days to better fit the process to the circumstances; others suggested the time should be tightened (primarily to reduce the impact on the prudential calculations). No new information was put forward that might cause the RAG to amend its judgement or to warrant the Board revisiting that judgement.

b) Investigation into the Value of Lost Load (VOLL) in New Zealand

On 23 July 2013, the Authority published a technical report describing the key findings of the investigation into the value of lost load in New Zealand, along with a guideline for conducting a VOLL survey. The documents are available on the Authority's website at:

<http://www.ea.govt.nz/our-work/programmes/transmission-work/investigation-of-the-value-of-lost-load/>.

The Authority considers that further work is desirable to assess the costs and benefits of amending the Code to require the use of VOLL estimated using the survey-based approach for existing Code-related purposes (eg variations to transmission services and reliability). However, the Authority will consider the timing of this work when developing the 2014/15 work programme and after taking other priorities into account.

c) Grid configuration arrangements

The Authority recently consulted on a Code amendment proposal to enable Transpower to make a temporary change to the grid configuration without notice if requested by the system operator or a participant subject to the change achieving a net benefit. The purpose of the proposal is to provide the system operator with a tool to manage security of supply. The Authority received eight submissions and intends releasing a response shortly.

Appendix A Retail Advisory Group work plan for 2013/14

Project	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14
Options for promoting switching	RAG: discuss rec 21/08 ◇		MBIE: evaluation 31/10 ◇	RAG: approve rec 20/11 ◇	Board: receive rec 4/12 ◇						
Domestic contracting arrangements	RAG: approve paper 21/08 ◇		Board: comment on paper 14/10 Staff: publish paper 22/10 ◇	Consult 22/10-3/12 ◇			RAG: consider subs and draft rec xx/02 ◇	RAG: approve rec xx/03 ◇	Board: receive rec 2/04 ◇		
Improving transparency of consumers' electricity charges		RAG: consider subs and draft paper 18/09 ◇	RAG: approve paper 16/10 ◇	Board: comment on paper 6/11 Staff: publish paper 12/11 ◇	Consult: 12/11-21/01 ◇		RAG consider subs and draft rec xx/02 ◇	RAG: approve rec xx/03 ◇	Board: receive rec 2/04 ◇		
Competition on embedded and customer networks	Scope and approach to be finalised										
Barriers to group switching	Scope and approach to be finalised										
Low fixed charge review	Scope and approach to be finalised										